UOB

United Overseas Bank Limited
Brunei Branch

Pillar 3 Disclosure Report
31 December 2024

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Notes:
1. The Pillar 3 disclosure report is presented in Brunei Dollars (B$'000)
2. Certain figures in this report may not add up to the respective total due to rounding

1. Certification

We, the undersigned, being the Country Manager and the Finance Manager of United Overseas Bank Limited (Brunei Darussalam Branch) do hereby state that, in our opinion, Pillar 3 Public Disclosure notes are prepared in accordance to the requirements of Brunei Darussalam Central Bank so as to give correct and complete public disclosure.

Howard Low Boon Keng
Country Manager
Date: 12 March 2025

Hajah Norsinah Haji Kamis
Finance Manager
Date: 12 March 2025

2. Introduction

Pillar 3 Disclosure Report ("The Report") is prepared in accordance with the Brunei Darussalam Central Bank ("BDCB") Notice to Banks No. BU/N-1/2021/68 on Pillar 3 – Public Disclosure Requirements issued on 02/04/2021.

This above Notice complements the minimum risk-based capital requirements and other quantitative requirements (Pillar 1) as per the Notice No BU/N-3/2017/38 – Maintenance of Capital Adequacy Ratio and the Supervisory Review of Evaluation Process (Pillar 2) as per Notice No BU/N-9/2018/59 – Amendment No 1 – Supervisory Review of Evaluation Process (SREP). It aims to facilitate and promote market discipline by requiring disclosures of meaningful regulatory information on a consistence and comparable basis.

In accordance with the Notice, the medium of disclosure is a standalone document ("standalone Pillar 3 report").

The format of the Pillar 3 disclosure is presented based on the template and tables set out in the Annex 1 – Pillar 3 Disclosure Requirements dated 1 April 2021

3. C1: Overview of Key Prudential metrics and RWA

3.1 KM1: Key Metrics

Purpose: To provide an overview of a bank's prudential regulatory metrics.
Content: Key prudential metrics related to regulatory capital and other regulatory requirements.
Frequency: Quarterly.
Format: Fixed.
Accompanying narrative: Branch has remitted 2nd tranche of B$5m of unappropriated profit to head office with BDCB approval in Dec 2024. This has shown quite a significant decreased in both Tier 1 and Total Capital Ratio in Q4 2024 as compared to Q1 to Q3 2024. Nevertheless, branch also recorded increased in the Total RWA compare Q4 2024 vs Q4 2023. • Credit Risk from implementation of new loans and off-balance sheet items (i.e Performance Guarantee) • Market Risk from the issuance of Performance Guarantee in foreign currency (USD).

		(a)	(b)	(c)	(d)	(e)
		Dec 24	Sep 24	Jun 24	Mar 24	Dec 23
	Available capital (amounts)					
1	Tier 1	104,083	108,020	106,760	105,358	104,301
2	Total capital	104.696	108,645	107,393	105,949	104,766
	Risk-weighted assets (amounts)					
3	Total risk-weighted assets (RWA)	143,170	137,961	133,604	137,387	136,139
	Risk-based capital ratios as a percentage of RWA					
4	Tier 1 ratio (%)	72.70	78.30	79.91	76.69	76.61
5	Total capital ratio (%)	73.13	78.75	80.38	77.12	76.96

3.2 OV1: Overview of Risk Weighted Assets (RWA)

Purpose: To provide an overview of total RWA and further breakdowns of RWA
Content: RWA and capital requirements under Pillar 1 only. Pillar 2 requirements are excluded
Frequency: Quarterly.
Format: Fixed.
Accompanying narrative: There is an increase in Total RWA between 4Q24 and 3Q24 due to :- a) Credit Risk = Implementation of new facilities which has increase the Loan size and off-balance sheet amount. b) Market Risk = Issuance of Performance Guarantee in foreign currency (USD)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		Dec 2024	Sep 2024	Dec 2024
1	Credit risk (Standardised)	113,982	111,615	11,398
2	Market risk (Standardised)	12,259	10,828	1,226
3	Operational risk (Basic Indicator Approach)	16,929	15,518	1,693
4	Total (Row 1 + 2 + 3)	143,170	137,961	14,317

4 C2: Composition of Capital

4.1 CC1: Composition of regulatory capital

Purpose: Provide a breakdown of the constituent elements of a bank's capital
Content: Breakdown of regulatory capital according to the scope of regulatory consolidation
Frequency: Semi-Annual.
Format: Fixed.
Accompanying narrative: No significant changes over the reporting period.

		(a)
		Amounts
	Tier 1 capital: instruments and reserves	104,084
1	Paid-up Ordinary Shares/Assigned Capital (after deduction of holdings of own capital)	30,000
2	Non-Cumulative , Non-Redeemable Preference Shares	-
3	Share Premium	-
4	Statutory Reserve Fund	40,364
5	Published Retained Profits/(Accumulated Losses)	33,720
6	General Reserves	-
7	Fair Value Reserves	-
8	**Tier 1 capital before regulatory adjustments**	
	Tier 1 capital: regulatory adjustments	
9	Reciprocal cross-holdings of ordinary shares (as required by BDCB)	
10	Goodwill	
11	Other intangible assets	
12	Advances/financing granted to employees of the bank for the purchase of shares of the bank under a share ownership plan	
13	Minority Interests held by 3rd parties in Financial Subsidiary	
14	Total Regulatory adjustments to Tier 1 Capital	
15	Tier 1 capital	
	Tier 2 capital: instruments and provisions	613
16	General Credit Loss Reserves (Capped at 125% of Credit Risk)	613
17	Hybrid (debt/equity) Capital Instruments	
18	Approved Subordinated Term Debt (Capped at 50% of Core Capital Element)	
19	**Tier 2 capital before regulatory adjustments**	
	Tier 2 capital: regulatory adjustments	613
20	Reciprocal Crossholdings of Tier 2 Capital Instruments	
21	Minority Interests Arising From Holdings of Tier 2 Instruments in Financial Subsidiaries by Third Parties	
22	**Total regulatory adjustments to Tier 2 capital**	613
23	**Tier 2 capital (T2)**	613
24	**Allowable Supplementary Capital (Tier 2 Capital)**	
25	**Sub-Total of Tier 1 and Tier 2 Capital**	104,696
26	**Deductions/Adjustments 3 to total Amount of Tier 1 and Tier 2 capital**	
27	Significant Investments in Banking, Securities and Other Financial Entities	
28	Significant Investments in Insurance Entities & Subsidiary	
29	Significant Investments in Commercial Entities	
30	Securitisation Exposures (Rated B+ or Below and Unrated)	
31	Resecuritisation Exposures (Rated B+ or Below and Unrated)	
32	**Total regulatory capital (TC = T1 + T2)**	104,696
33	**Total risk-weighted assets**	143,170
	Capital ratios	
34	**Tier 1 (as a percentage of risk-weighted assets)**	72.70
35	**Total capital (as a percentage of risk-weighted assets)**	73.13

5. C3: Linkages between Financial statements and regulatory exposures

5.1 LIA: Explanations of differences between accounting and regulatory exposure accounts

Purpose: To provide qualitative explanations on the differences observed between accounting carrying value (as defined in LI1) and amounts considered for regulatory purposes (as defined in LI2) under each framework.
Content: Qualitative information.
Frequency: Annual
Format: Flexible.
There is no difference in the accounting carrying value and amount considered for regulatory purposes. In accordance with the implementation of the guidance on prudent valuation, the valuation process adopted by the Branch is governed by the valuation, market data, and reserve 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. 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 Branch 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 reserves to adjust for valuation uncertainties. Valuation reserve methodologies and adjustments are approved by the Group Asset and Liability Committee (ALCO). The valuation adjustments or reserves set aside include bid/offer rate adjustments, illiquidity adjustments and other adjustments such as Day 1 profit reserves, where applicable. Adjustments are also considered for use of proxies, models or estimated parameters.

5.2 LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regularor risk categories

Purpose: Columns (a) and (b) enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation; and columns (c)–(g) break down how the amounts reported in banks' financial statements (rows) correspond to regulatory risk categories. (note: the sum of amounts in columns (c)–(g) may not equal the amounts in column (b) as some items may be subject to regulatory capital charges in more than one risk category.)

Content: Carrying values

Frequency: Annual

Format: Flexible

Accompanying narrative: There is no difference in the carrying value under the published Financial Statement and the Regulatory Consolidation reporting for FY 2024.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Carrying values of items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances at central banks	21,638						21,638
Items in the course of collection from other banks	164,484		33,157				131,327
Trading portfolio assets	-		-				-
Financial assets designated at fair value	1,362		1,362				-
Derivative financial instruments	-		-				-
Loans and advances to banks	-		-				-
Loans and advances to customers	93,057		69,468				23,589
Reverse repurchase agreements	-		-				-
and other similar secured lending	-		-				-
Available for sale financial investments	-		-				-
Other Assets	2,510		1,209				1,300
Total assets	283,051		105,197				177,854

Liabilities						
Deposits from banks	2,721					2,721
Items in the course of collection due to other banks	5,529					5,529
Customer accounts	168,222					168,222
Repurchase agreements and other similar secured borrowings	-					-
Trading portfolio liabilities	-					-
Financial Liabilities designated at a fair value	-					-
derivative financial statements	-					-
Other Liabilities	106,579		11,676	-	12,259	82,644
Total liabilities	283,051		11,676	-	12,259	259,116

5.3 LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Purpose: Provide information on the main sources of differences (other than due to different scopes of consolidation which are shown in LI1) between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes.
Content: Carrying values
Frequency: Annual
Format: Flexible.
Accompanying narrative: The differences between accounting amounts as reported in financial statements and regulator exposure amounts is off-balance sheet exposures including contingent liabilities and commitments after application of Credit Conversion Factor.

		(a)	(b)	(c)	(d)	(e)
		Total	Items subject to:			
			Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	105,197	105,197	-	-	-
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	32,720	8,785	-	11,676	12,259
3	Total net amount under regulatory scope of consolidation (Row 1 – Row 2)	137,917	113,982	-	11,676	12,259
4	Off-balance sheet amounts	81,355	-	-	-	-
5	Differences in valuations					
6	Differences due to different netting rules, other than those already included in row 2					
7	Differences due to consideration of provisions					
8	Differences due to prudential filters					
9	exposure amounts considered for regulatory purposes	137,917	113,982	-	11,676	12,259

6 C4: Overview of risk management

6.1 OVA: Risk Management Approach

Purpose: To provide a description of the bank's strategy and how senior management and the board of directors assess and manage risks, enabling users to gain a clear understanding of the bank's risk tolerance/appetite in relation to its main activities and all significant risks.
Content: Qualitative information.
Frequency: Annual.
Format: Flexible.
Managing risk is an integral part of our business strategy. Our risk management approach focuses on ensuring continued financial soundness and safeguarding the interests of our stakeholders, while remaining nimble to seize value-creating business opportunities in a fast-changing environment. We are committed to upholding high standards of corporate governance, sound risk management principles and robust business practices to achieve sustainable, long-term growth. We continually strengthen our risk management practices in support of our strategic objectives. A strong risk culture is vital to a long-term sustainability of the Bank's business franchise. Specifically, risk culture refers to the norms, attitudes and behaviors related to risk awareness, risk-taking and risk management, and controls that shape the decisions on risk. At UOB, our risk culture is based on our values. A strong risk culture ensures that our decisions and actions are considered and focus on our stakeholders, and that we not distracted by short-term gains. Our risk management strategy embeds our risk culture across the Group, so as to facilitate ongoing effective discovery, management and mitigation of risks arising from external factors and our business activities, and to use capital efficiently to address these risks. Risks are managed within levels established by the senior management committees and approved by the Board and its committees. We have put in place frameworks, policies, methodologies, tools and processes that help us to identify, to measure, to monitor and to manage the material risks faced by the Group. These enable us to focus on the fundamentals of banking and to create long-term value for all our stakeholders. Our risk frameworks, policies and appetite provide the principles and guidance for the Group's risk management activities. They guide our key decisions for capital management, strategic planning and budgeting, and performance management to ensure that the risk dimension is appropriately and adequately considered. Risk reports are submitted regularly to senior management committees and the Board to keep them apprised of the Group's risk profile. Responsibility for risk management starts with Board oversight of UOB's governance structure, which ensures that the Group's business activities are: • conducted in a safe and sound manner and in line with the highest standards of professionalism; • consistent with the Group's overall business strategy and risk appetite; and • subject to adequate risk management and internal controls. Our Board is assisted primarily by the Board Risk Management Committee (BRMC), which reviews the overall risk appetite and level of risk capital to be maintained for the Group. Our Chief Executive Officer (CEO) has established senior management committees to assist him in making business decisions with due consideration for risks and returns. The main senior management committees involved in this are the Management Executive Committee (MEC), Risk and Capital Committee (RCC), Asset and Liability Committee (ALCO), Credit Committee (CC) and Operational Risk Management Committee (ORMC). These committees also assist the Board Committees in specific risk areas. Management and the senior management committees are authorised to delegate risk appetite limits by location, business units and/or broad product lines.

Risk management is the responsibility of every employee in the Group. We strive to instill awareness of the risks created by their actions and the accountability for the consequences of those actions in our employees. We have established frameworks to ensure appropriate oversight, accountability and management of all risk types encountered in the course of our business.

The Group's governance framework also provides oversight of our overseas banking subsidiaries through a matrix reporting structure. These subsidiaries, in consultation with Group Risk Management, adapt the risk management governance structure, frameworks and policies to comply with local regulatory requirements. This ensures that the approach across the Group is consistent and sufficiently flexible to suit local operating environments.

Our organisational control structure is based on the Three Lines Model as follows:

First Line – The Risk Owner: The business and support units own and have primary responsibility for implementing and executing effective controls to manage the risks arising from their activities. This includes establishing adequate managerial and supervisory controls to ensure compliance with risk policies, appetite, limits and controls and to highlight control breakdowns, inadequacy of processes and unexpected risk events.

Second Line – Risk Oversight: The risk and control oversight functions (i.e., Group Risk Management and Group Compliance) and the Chief Risk Officer, as the Second Line, support the Group's strategy of balancing growth with stability by establishing risk frameworks, policies, appetite and limits within which the business functions must adhere to and comply with in their operations. They are also responsible for the independent review and monitoring of the Group's risk profile and for highlighting any significant vulnerabilities and risk issues to the respective senior management committees.

The independence of risk and control oversight functions from business functions ensures that the necessary checks and balances are in place.

Third Line – Independent Audit: The Group's internal auditors conduct risk-based audits covering all aspects of the First and Second Lines to provide independent assurance to the CEO, the Audit Committee (AC) and the Board on the adequacy and effectiveness of our system of risk management and internal controls. The internal auditor's overall opinion of the internal controls and risk management system is provided to the AC and the Board annually

Our risk appetite framework defines the amount of risk we are able and willing to take in the pursuit of our business objectives. It ensure the Group's risk profile remains within well-defined and tolerable boundaries. The framework has been formulated based on the following key criteria:

- Alignment to the Group's key business strategy;
- Relevance to the respective stakeholders, with appropriate levels of granularity;
- Practical, consistent and easy to understand metrics for communication and implementation ; and
- Analytically-substantiated and measurable metrics

The risk appetite defines suitable thresholds and limit across key area of credit risk, country risk, market risk, liquidity risk, operational risk and conduct risk. Our risk-taking approach is focused on business which we understand and whose risks we are well equipped to manage.

This approach helps us to minimise earnings volatility and concentration risk, and ensures that our high credit ratings, strong capital and stable funding base remain intact. This way, we will remain a steadfast partner to our customers through changing economic conditions and cycles.

Our risk appetite framework is reviewed and approved annually by the Board. Management monitors and reports the risk profiles and compliance with the Group's risk appetite to the Board on a regular basis.

Our business strategies, products, customer profiles and operating environment expose us to a number of financial and non-financial risks. Identifying and monitoring key risks are integral to the Group's approach to risk management. It enables us to make proper assessments of and to mitigate these risks proactively across the Group. The table below summarises the key risks that could impact the achievement of the Group's strategic objectives.

Material Risk	Definition	How risk is managed
Credit Risk	The risk of loss arising from failure by a borrower or counterparty to meet its financial obligations when they are due.	Through our credit risk management framework, policies, models and limits.
Market Risk	The risk of loss from movements in the market rates or prices (such as changes in interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads) of the underlying asset. It includes interest rate risk in the banking book which is the potential loss of capital or reduction in earnings due to changes in interest rates environment.	Through our market risk management framework, policies, Value-at-Risk (VaR) models and limits. Interest rate risk in the banking book is managed through the Group's balance sheet risk management framework and interest rate risk in the banking book management policies and limits.
Liquidity Risk	The risk that arises from our inability to meet our obligations or fund increases in assets as they fall due.	Through our balance sheet risk management framework, liquidity risk management policies, ratios and limits.
Operational Risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Such loss may be in the form of financial loss or other damage, for example, loss of reputation and public confidence that will impact our creditability and/or ability to transact, to maintain liquidity and/or to obtain new business. Operational Risk includes technology risk, regulatory compliance risk, legal risk, reputational risk, outsourcing risk, third-party non-outsourcing risk and fraud risk but excludes strategic and business risk.	Through the respective risk management frameworks, policies and operational risk management programmes, including Key Risk and Control Self-assessments, Key Operational Risk Indicators, Incident Reporting, Management Risk Awareness, Outsourcing Risk Assessment, Third-party Non-outsourcing Risk Assessment and Scenario Analysis.
Conduct Risk	The risk of improper employee behaviour or action that results in unfair stakeholder outcomes, negative impact on market integrity and other issues that damage the reputation of the Group.	Through a multi-faceted approach leveraging the frameworks, policies and procedures on operational risk management, internal fraud management, whistle-blowing, employee discipline, individual accountability, code of conduct, remuneration, fair dealing and anti-money laundering.

Strategic and Business Risks	Strategic Risk refers to the current or prospective negative impact on earnings, capital or reputation arising from adverse strategic decisions, improper implementation of decisions or a lack of responsiveness to industry, economic or technological changes. Business Risk refers to adverse impact on earnings or capital arising from changes in business parameters such as volume, margin and cost.	Through our strategic and business risk management policy.
Model Risk	The risk arising from: • the use of an inappropriate model which cannot accurately evaluate market prices or which is not a mainstream model in the market (such as pricing models); or • inaccurately estimating the probability or magnitude of future losses (such as risk measurement models) and the use of those estimates.	Through the model risk governance framework and managed under the respective material risk types for which there is a quantitative model.
Environmental, Social and Governance (ESG) Risk	The risk of credit loss or non-financial risks, such as reputational damage, arising from ESG issues, including climate change. While a key component of ESG risk arises indirectly from the financial services we provide to our customers, it can also result directly from our own operations.	The different aspects of ESG risk are managed through the relevant frameworks, policies and guidelines in place, including our Environment Risk Management Framework and Responsible Financing Policy.

UOB Brunei adopts the frameworks of HO for the identification, measurement, monitoring and control of risks. The framework is governed by the appropriate committees in HO and in line with the policy for overseas branches.

UOB Brunei manages and monitors the major risks arising out of its day-to-day operations, including credit risk, market risk, operational risk, liquidity risk, interest rate risk and compliance risk.

As a branch of UOB Ltd, HO has direct oversight on UOB Brunei which is covered by Group business / support / compliance / risk / audit functions. GIM provides management oversight to enable sustainable development and strong governance of overseas branches and supports UOB Ltd in the corporate and strategic planning. The local business and support functions report to the Country Manager and their respective HO functions.

UOB Brunei has a Management Committee which meets monthly or as and when necessary to discuss matters involving the branch including the results of reviews conducted

With respect to Internal Audit Function, Brunei Branch does not have an internal audit department locally but Head Office will assign internal auditors to perform audit check on annual basis depending on the audit rating of the branch.

As required under the guidelines issued by BDCB, Brunei branch is required to provide full disclosure of the above risk framework and functions. The full disclosure is available in the annual return published by Head Office.

INTERNAL CONTROL

UOB Brunei Branch is headed by The Country Manager who is overall in charge of business development and operations of the Branch and directly reporting to Head of Group International Management who has geographical oversight on the strategic development and financial performance of overseas branches and subsidiaries. The key functional units of the branch have matrix reporting to the global functional heads such as Group Compliance and Group Wholesale Banking and Group Wholesale Operations Standardization at Head office.

The Country Manager is supported by the following direct reports:-

1. Head of Operation
2. Head of Business Unit
3. Head of Finance & Administration
4. Head of Compliance

MANAGEMENT COMMITTEE

The Management Committee of UOB Brunei ("MC") is a committee of management members appointed by the Country Manager to establish business and budget plans, to monitor the Branch's financial and operating performance and to facilitate branch-wide coordination, communication and teamwork as well as risk management. MC meetings are held monthly or as and when their urgent matters that require attention. MC details are provided below.

Composition	Roles & Responsibilities
Members ▪ Country Manager, Chairman ▪ Head of Operations ▪ Head of Finance & Admin ▪ Head of Compliance ▪ Head of Credit Admin & Support (reporting to Head of Operations) ▪ Head of Business Unit The MC may choose to invite any other officer/s as either permanent or temporary invitees for obtaining expert views or experienced counsel.	▪ Establish strategies, policies and plans for conducting business and managing the Branch's operations; ▪ Review and monitor financial and operating performance of the Branch against approved strategies and plans; ▪ Allocate resources, including capital that commensurate with risk adjusted returns and undertake active capital management; ▪ Facilitate branch-wide coordination, communication and teamwork; ▪ Decide on significant business proposals and issues; ▪ Provide a forum for sharing key decisions and directions as well as key market developments; ▪ Review and monitor credit matters (including the credit portfolio), operational risk and branch operations issues, compliance and regulatory related matters; ▪ To discuss and monitor all ALCO-related matters: – Engage Group ALCO whenever applicable: refresh existing parameters; frameworks, policies and risk measurement methodologies and model assumptions; – Limit excesses and triggers and endorse for Group ALCO approval if applicable;

	– Establish funding strategies, target balance sheet mix and pricing strategies for deposits and loans, including approval of loan and deposit rates; – Monitor, assess and review key economic and market updates, market risk, banking book interest rate and liquidity risk profiles and exposures, vulnerabilities, P&L incidences, material issues and major transactions; – Monitor asset / liability distributions and maturities; – Discuss market risk, banking book interest rate risk and liquidity risk, including the monitoring of limits utilisation; ▪ Communicate and disseminate any HO directives which impact the Branch for all in the management team to note and apply; ▪ Oversee implementation of new and / or updates in policies and procedures.

COMPLIANCE FUNCTION

The Compliance Function of UOB Brunei Branch is an independent function which assists the Management in ensuring that all activities of Brunei Branch are conducted in conformity with laws and regulations.

The Country Manager is responsible for the oversight and implementation of the Compliance Risk Management Framework that contains the basic principles and explains the main processes by which compliance risks are to be identified and managed in UOB Brunei Branch including:-

- Fostering awareness of the major aspects of UOB Brunei's Compliance risks that should be explicitly managed;
- Ensuring that all Compliance manual and other relevant policies and guidelines are observed
- Ensuring that appropriate remedial or disciplinary action is taken if breaches are identified; and
- Ensuring that UOB Brunei Branch can rely on a permanent and effective Country Compliance function that is sufficiently resourced to carry out its role.

Reporting Structure of Compliance Function

The Compliance department has a solid and direct functional reporting line to the Group Head of Compliance, and a reporting line to the Country Manager

The Group Head of Compliance has a direct reporting line to the Group Chief Executive Officer and has an overall responsibility for identifying, managing and coordinating of regulatory compliance risk & providing oversight and functional compliance leadership to manage the compliance risk for the Group. The Group Head of Compliance also ensures that the Board of Directors and Senior Management are informed of significant compliance issues and plans for resolution.

The Country Manager must ensure the independence of the Compliance function and be guided by the relevant guidelines and policies.

UOB Brunei is guided by the internal control regulations and regulatory notices. The Branch has in place an internal control process, appropriate to its size, risk profile and complexity of operations, which provides assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, supervisory requirements, and internal policies and procedures.
This process includes:

- Management oversight and control
- Risk recognition and assessment
- Control activities
- Information and communication
- Monitoring activities and correcting deficiencies

UOB Brunei manages and monitors the major risks arising out of its day-to-day operations, including credit risk, market risk, operational risk, liquidity risk, interest rate risk and compliance risk.

Stress Testing

Overview

Stress testing is a useful risk management tool for banks. Such testing, in particular, provides the following advantages:

- Provides a means for estimating the bank's risk exposure under stressed conditions and enables development of or choice of appropriate strategies for mitigating such risks (e.g., restructuring positions, reducing exposures or developing appropriate contingency plans);
- Improves understanding of the bank's risk profile and facilitates monitoring of changes in such profile overtime;
- Allows the senior management to determine whether the bank's risk exposure is feasible or acceptable for the bank; and
- Allows evaluation of the bank's capacity to withstand stressed situation in terms of profitability and capital adequacy.

Credit Stress Tests

Credit stress-testing is a core component of our credit portfolio management process. The three objectives are:

- to assess the profit and loss and balance sheet impact of business strategies;
- to quantify the sensitivity of performance drivers under various macroeconomic and business planning scenarios; and
- to evaluate the impact of Management's decisions on capital, funding and leverage.

We conduct stress tests to assess if our capital can withstand credit portfolio losses resulting from stress scenarios, and their impact on our profitability and balance sheet quality. Stress tests also help us to identify the vulnerability of various business units and enable us to formulate appropriate mitigating measures.

Our stress test scenarios consider potential and plausible macroeconomic and geopolitical events in varying degrees of likelihood and severity. We also consider varying strategic planning scenarios and assess the impact of different

business scenarios and proposed managerial actions. These are developed in consultation with relevant business units and approved by senior management committees.

Branch Stress Testing
Stress testing is based on the concept of 'proportionality and complexity' and its applicability to the Branch. Relevant factors in this concept are size of the Branch, sophistication and diversification of its activities, materiality of different risk types and the Branch's vulnerability to them.

Stress testing refers to appropriate techniques (quantitative and / or qualitative) used by the bank to gauge their vulnerability to exceptional but plausible events. It is a risk management technique used to evaluate the potential effects on the bank's financial condition of a specific event and / or movement in a set of financial variables. Only such stress testing is conducted which is relevant and appropriate to the size of the UOB Brunei's operations and the probable risks associated thereto. In view of the present levels of granular data available and considering further the small size (relative to the Group's), low complex operations and plain vanilla products and services of UOB Brunei, the Branch has refrained from using sophisticated and data intensive models for quantitative assessment / capital management.

The stress testing framework is intended to provide a diagnostic tool to understand the risk profile of the UOB Brunei and at the same time use the quantitative analysis of the stress testing exercise to build a robust internal capital assessment model.

7 C5: Liquidity Risk

7.1 LIQ: Liquidity risk management

Purpose: Provides information on a bank's liquidity risk management framework which it considers relevant to its business model and liquidity risk profile, organisation and functions involved in liquidity risk management.
Content: Qualitative and quantitative information.
Frequency: Annual.
Format: Flexible.
Liquidity risk is the risk that arises from the Group's inability to meet its obligations or fund increases in assets as they fall due. We maintain sufficient liquidity to fund our day-to-day operations, to meet deposit withdrawals and loan disbursements, to participate in new investments and to repay borrowings. Hence, liquidity is managed in a manner that addresses known as well as unanticipated cash funding needs. Liquidity risk is managed in accordance with a framework of policies, controls and limits approved by the ALCO. These policies, controls and limits enable us to monitor and to manage liquidity risk to ensure that sufficient sources of funds are available over a range of market conditions. This is done by: • minimising excessive funding concentration by diversifying the sources and terms of funding; and • maintaining a portfolio of high quality and marketable debt securities. We take a conservative stance on the Group's liquidity management by continuing to gather core deposits, ensuring that liquidity limits are strictly adhered to and that there are adequate liquid assets to meet potential cash shortfall. The distribution of deposits is actively managed to ensure a balance between cost-effectiveness, continued accessibility to funds and diversification of funding sources. Important factors in ensuring liquidity are competitive pricing, proactive management of the Group's core deposits and the maintenance of customer confidence.

Our liquidity risk is aligned with the regulatory liquidity risk management framework and is measured and managed on a projected cash flow basis. The Group is monitored under business-as-usual and stress scenarios. Cash flow mismatch limits are established to limit the Group's liquidity exposure.

Liquidity risk primarily arises due to the maturity mismatch associated with assets and liabilities of the bank. The structural and dynamic liquidity reports are used to assess continuously the liquid position and mismatches. The cost of such liquidity risk would be in terms of either raising fresh liabilities at higher cost or liquidating its assets at a higher discount rate. The raising of funds at a short notice in the interbank market depends upon the credit rating of the bank and at the same time, the ease at which treasury assets can be liquidated in the market is a function of the quality of those assets.

➢ Liquidity Management

Liquidity risk is managed along the following lines:

- There are Asset Liabilities Management ("ALM") function in place, both at the group (Group ALCO) and local (MC) level. The ALM function involves planning, directing and controlling the flow, level, mix, cost and yield of funds of the bank with a view to achieving the financial goals and controlling financial risks. The following are some of the business issues addressed by the UOB Brunei MC:
  - Product pricing for deposits and loans;
  - Economic review, overview of money and foreign exchange markets;
  - Maintain oversight on effectiveness of risk management on structural interest rate and liquidity risk;
  - Assets and liabilities review.

- Liquidity risk limits and trigger are in place. These include liquidity coverage ratio and book size which are continuously monitored on a daily basis.

- To promote short-term resilience of a bank's liquidity risk profile, a bank is required to maintain, over a thirty (30)-calendar horizon, an adequate level of unencumbered high-quality liquid assets ("HQLA") that consist of cash or assets that can be converted into cash at little or no loss of value in the private markets, to offset the net cash outflows it could encounter under a liquidity stress scenario, i.e., liquidity coverage ratio. At a minimum, the stock of liquid assets should enable the bank to withstand liquidity shocks that last thirty (30) calendar days, which would give time for corrective actions to be taken by the bank management and / or the Regulator.

- To promote long-term resilience against liquidity risk, a bank is required to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities, i.e., net stable funding ratio. Complementing the LCR, the NSFR seeks to limit overreliance on short-term wholesale funding and promoting enhanced assessment of funding risk across all on- and off- balance sheet accounts.

We employ an holistic approach towards balance sheet risk management, using an in-house enterprise risk management system to integrate liquidity risk and IRRBB into a single platform to facilitate the Group's reporting across entities in a timely manner.

We also employ liquidity early warning indicators and trigger points to signal possible contingency situations. Our liquidity ratios, Liquidity Coverage Ratio (LCR)* and Net Stable Funding Ratio (NSFR)*, are above the regulatory requirement.

Branch measures and tracks it LCR against HO specific parameters. Any shortfall would have to be supported by Group funding in similar currency type.Branch typically would have sufficient own placement funds held at HO to meet all shortfalls.

We have contingency funding plans in place to identify potential liquidity crises using a series of warning indicators. Crisis management processes and various strategies including funding and communication plans have been developed to minimise the impact of any liquidity crunch

- Stress Testing

Liquidity risk is the potential inability to meet the Branch's liabilities as they become due. The risk originates from the mismatches in the maturity pattern of assets and liabilities. Net funding requirements are determined by analyzing the Branch's future cash flows based on assumptions of the future behavior of assets and liabilities that are classified into specified time buckets and then calculating the cumulative net flows over the time frame for liquidity assessment.

The liquidity risk manifests in:

- Funding Risk: Need to replace net outflows due to unanticipated withdrawal / non-renewal of deposits.
- Time Risk: Need to compensate for non-receipt of expected inflows of funds, i.e., performing assets turning into non-performing assets.
- Call Risk: Due to crystallization of contingent liabilities and unable to undertake profitable business opportunities when desirable.

Cash inflows and outflows are calculated and prepared on a daily basis by the Branch. In the stress scenario, the potential cash flows are subjected to several shocks which are enumerated under hereunder assumptions.

The general sources of stress on liquidity in most banks are seen to emerge from the following factors:

- Over-dependence on more volatile funding sources such as wholesale funds and inter-bank funds;
- Depositors' ability to switch funds between banks;
- Ratings downgrades or other negative news could cause, among others, reduced market access to unsecured borrowings from call money market; a reduction or cancellation of interbank credit lines; a reduction of deposits;
- Off-balance sheet products that can give rise to sudden material demands for liquidity at banks include committed lending facilities to customers, committed backstop facilities, and committed back-up lines to special purpose vehicles.

UOB Brunei mainly has loan exposures to corporates and it presently has outstanding government securities under SUKUK or contingent funding commitments, e.g., guarantees.

- Liquidity Coverage Ratio*

The LCR is another stress test that is aimed to ensure a bank has sufficient liquid assets to offset net cash outflows in case of a liquidity stress in the short term. Calculated as the ratio of high quality liquid assets (readily disposable) to net cash outflows over a 30-day period, the higher the LCR, the more resilient the bank is and the better it would be to withstand liquidity shocks in the short term.

- Net Stable Funding Ratio*

Complementary to the LCR, to promote long-term resilience against liquidity risk, the NSFR measures the stability of the funding profile. Calculated as the ratio of available stable funding to required stable funding, the higher the NSFR, the more stable the funding profile.

Where a stress test reveals any hidden risk Branch would seek to address it through recalibration of either the Balance Sheet or the asset portfolio

Contingency Funding Plan

The Contingency Funding Plan (CFP) will be activated in the event of a liquidity stress situation. Although the Bank monitors liquidity and funding requirements on an ongoing basis, it is important to recognize that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause a liquidity crisis.

The CFP is aligned to the bank's Recovery Plan (RCP) and therefore fulfils the following:

- Determination of the scenarios/circumstances that will trigger various level of the RCP
- Listing of the Early Warning Indicators and determination of the responsible parties to monitor Early Warning Indicators (EWI) on an ongoing basis
- Monitoring of the Early Warning Indicators
- Determine the trigger points that will trigger level 1 of the Recovery Plan
- Notification to ALCO (Asset Liability Committee) and RCC (Risk and Capital Committee)
- Escalation to the next phase when severity of the stress reaches a level where RCP level one threshold/s is/are triggered.
- Exploration and recommendation of the Recovery Options

The objectives of CFP are to:

- Identify and recognise a liquidity crisis;
- Define the appropriate management responsibilities and responses during a liquidity crisis;
- Rectify areas of concern;
- Ensure that information flows remain timely and uninterrupted to facilitate quick and effective decision making

Our CFP is predicated primarily on HO funding support. Where such support were to fail or be unavailable we would pivot to Central Bank as lender of last resort.

Additional Information

The following table shows cash flow analysis of the Branch's assets and liabilities by remaining contractual maturities on an undiscounted basis. Actual maturity dates may differ from contractual maturity dates due to behavioral patterns such as prepayment of loans. In particular, the Branch has a significant amount of "core deposits" of non-bank customers which are contractually at call (included in the "Up to 7 days" time band).

In addition to the above, the Branch is also subject to liquidity requirements to support calls under outstanding contingent liabilities and undrawn credit facility commitments. The total outstanding contractual amounts of these items do not represent future cash requirements since the Branch 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.

as at 31 December 2024	Up to 7 Days B$'000	Over 7 days to 1 month B$'000	1 -3 months B$'000	3-12 months B$'000	1 to 3 years B$'000	More than 3 years B$'000	No specific maturity B$'000	Total B$'000
Assets								
Cash, balances with central banks & other financial institutions	12,199	1,346	3,232	4,282	876	165	-	22,100
Government SUKUK	-	-	-	-	-	-	-	-
Group balances receivables	24,922	49,700	33,500	55,900		-		164,022
Loans and Advances	659	8,806	51,345	12,523	2,679	15,025	2,020	93,057
Plant and equipment	-	-	-	-	-	-	1,362	1,362
Other Assets	1,017	532	405	538	14	4	-	2,510
Total Liabilities	38,797	60,384	88,482	73,243	3,569	15,194	3,382	283,051
Liabilities								
Deposits from customers	38,032	20,214	49,952	60,024	-	-	-	168,222
Deposits from banks and other financial institutions	2,721	-	-	-	-	-	-	2,721
Group balances payable	5,529	-	-	-	-	-	-	5,529
Other liabilities	138	318	838	611	-	49	-	1,954
Lease liabilities	-	12	25	111	120	3	-	271
Taxation	-	-	-	270	-	-	-	270
Total Liabilities	46,420	20,544	50,815	61,016	120	52	-	178,967
Equity								
Equity Capital and Reserves	-	-	-	-	-	104,084	-	104,084
Total Equity	-	-	-	-	-	104,084	-	104,084
Off-Balance Sheet Items								
Total Inflow of off-balance sheet Item	161,606	-	-	-	-	-	-	161,606
Total outflow of off-balance sheet Item	165,860	519	6,164	72,602	1,199	-	-	246,344
Net off-balance Sheet	(4,254)	(519)	(6,164)	(72,602)	(1,199)	-	-	(84,738)
Net on-balance Sheet	(7,623)	39,840	37,667	12,227	3,449	15,142	3,382	104,084
Net off-balance Sheet	(4,254)	(519)	(6,164)	(72,602)	(1,199)	-	-	(84,738)
Net Maturity Mismatch	(11,877)	39,321	31,503	(60,375)	2,250	15,142	3,382	19,346

8. C6: Credit Risk

8.1 CRA: General qualitative information about credit risk

Purpose: Describe the main characteristics and elements of credit risk management (business model and credit risk profile, organisation and functions involved in credit risk management, risk management reporting).
Content: Qualitative information.
Frequency: Annual.
Format: Flexible.

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. It is the single largest risk that we face in our core business as a commercial bank, arising primarily from loans and other lending-related commitments to retail, corporate and institutional borrowers. Treasury and capital market operations and investments also expose the Group to counterparty and issuer credit risks.

We adopt an holistic approach towards assessing credit risk and ensure that managing credit risk is part of an integrated approach to enterprise risk management. Integral to the management of credit risk is a framework that clearly defines policies and processes relating to the identification, measurement and management of credit risk. We continually monitor the operating environment to identify emerging risks and to formulate appropriate mitigating actions.

Credit Risk Governance and Organisation

The 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.

The Country and Credit Risk Management Division develops Group-wide credit policies and guidelines and facilitates business development within a framework that results in prudent, consistent and efficient credit risk management. It is responsible for the reporting, analysis and management of credit risk to the CC and the BRMC. The comprehensive credit risk reports cover business segments at the overall portfolio level by various dimensions including industry, product, country and banking subsidiaries.

The credit risk government structure operates in line with the Three Lines Model as mentioned under OVA: Risk Management Approach.

We employ internal rating models to support the assessment of credit risk and the assignment of exposures to rating grades or pools. Internal ratings are used pervasively by the Group in the areas of credit approval, credit review and monitoring, credit stress-testing, limits setting, pricing and collections.

We have defined the roles and responsibilities of the various stakeholders in the credit rating process, including model development and review, model performance monitoring, annual model validation and independent reviews by Group Audit in order to ensure the reliable and consistent performance of our rating systems.

Credit risk models are independently validated before they are implemented to ensure that they are fit for purpose. We monitor the robustness of these rating models on an ongoing basis and all models are subject to annual reviews by model owners to ascertain that the chosen risk factors and assumptions continue to remain relevant for the respective portfolios. All new models, model changes and annual reviews are approved by the CC or the BRMC, depending on the materiality of the portfolio.

Currently, UOB Brunei has stable business volume and borrowers. Being in the wholesale business, the Branch plans to concentrate on corporate banking and plans to derive most of its profitability from this sector, considering further it is classified by HO as a non-Global Markets center, i.e., no market making or trading positions.

UOB Brunei has exposures to the BDCB, foreign banks and corporates. Its asset composition is presently mainly concentrated in balances with the BDCB (in the form of reserves, overnight and SUKUK), deposits or nostros with foreign banks and loans to corporates

Measurement

The Branch uses the Standardized Approach for Credit Risk.

Policy Overview

The Group Credit Policy summarizes the core principles governing the extension of credit. It sets out the broad credit principles and standards by which the Branch undertakes and manages credit risk. This policy establishes the minimum standards for credit extension, though it is not a substitute for experience and good judgment. To the extent where certain policy is not applicable to some specific market segment, such exception to the policy is addressed in the credit acceptance guidelines / product program and approved by the appropriate approving authority. The credit policy is flexible and responsive to changing business needs and market conditions. It is reviewed periodically.

The key components of credit policy are as follows:

- Adhere to prudential requirements with respect to lending norms;
- Define target markets for each of the products;
- Assign importance to establishing and extending long-term customer relationships;
- Periodic review / renewal of all credit facilities (at least once a year or more frequently if the credit has deteriorated).

Credit policies, guidelines and processes are in place at group level to manage credit risk in the following key areas:

- Credit Approval Process

To maintain independence and integrity of the credit approval process, the credit approval function is segregated from credit origination. Delegation of Credit Discretionary Limit ("CDL") follows a stringent process that takes into consideration the experience, seniority and track record of the officer. All credit approving officers are guided by credit policies and credit acceptance guidelines. These credit policies, guidelines and product programs are periodically reviewed to ensure their continued relevance.

UOB Brunei has been delegated with smallish CDL by HO to manage day to day operational matters. The credit facilities and limits of UOB Brunei are reviewed and approved by the HO authorities.

- Delinquency Monitoring

All delinquent accounts, including credit limit excesses, are closely monitored and managed through a robust process by officers from business units and risk management at the branch and group level. Where appropriate, these accounts are also subject to more frequent credit reviews.

Residual Credit Risk

- Overview

Residual risk refers to the risk that recognized risk measurement and mitigation techniques used prove less effective than expected. While banks may use credit risk mitigation ("CRM") techniques to reduce their credit risk, these techniques may give rise to other risks that may render the overall risk reduction less effective. Residual credit risk constitutes risk not fully covered by the capital charge under the regulatory framework and is essentially the risk of under estimation of credit risk using standardized approach.

- Analysis

UOB Brunei is into wholesale banking, so its corporate loans are generally backed by assets like properties, term deposits, assignments of receivables as well as guarantees from the key people managing the business. The Branch has not obtained capital relief for the use of any CRM for capital adequacy purposes. In this regard, it is of the view that additional capital is not required for residual credit risk.

Concentration Risk

- Overview

Historical experience has shown that concentration of credit risk in asset portfolios has been one of the key drivers of distress in the banking sector. This is true for both individual institutions as well as the banking system at large. The importance of concentration risk in the portfolio requires separate assessment to assess the potential gap between the capital requirement and the actual underlying risk.

Concentration risk refers to the risk arising from an uneven distribution of counterparties in credit or any other business relationship or from concentration in business sectors or geographical regions. Accordingly, concentration risk in the credit portfolios comes into being through a skewed distribution of exposures to industry / sector and geographical regions.

The Branch seeks to manage its credit risk exposure by Aggregate Exposure Limit (AEL) and Single Borrowing Limit (SBL).

- Single Name Concentration

Single name concentration risk denotes idiosyncratic risk in the credit portfolio, which arises from the credit risk of large borrowers. In line with globally accepted best practices, name concentration has been examined at a borrower level.

Currently, UOB Brunei has stable business volume and borrowers. Being into wholesale banking, the Branch plans to concentrate on corporate banking and plans to derive most of its profitability from this sector. Concentration risk is being managed by AEL and SBL. Current AEL figure is based in the total of those accounts with limits/ outstanding (whichever is higher) exceed the 15% of Capital Fund. SBL is based on 20% of total capital funds.
Aside from corporate loans, UOB Brunei has exposures to BDCB (which carry 0% risk weight if in local currency) and other banks in the form of nostros held for correspondent banking / settlement / asset cover purposes.

- Sectoral Concentration

Sectoral concentration in credit portfolios can be broken down into concentration in certain sectors of industry and concentration in individual countries / region. Owing to the portfolio invariant correlation structure under the regulatory approach, the credit risk of a portfolio with an uneven sectoral distribution may be either overestimated or underestimated. There is no generally acceptable risk treatment for sectoral concentration and measurement of the same remains a challenge as a whole.

- Analysis

There is currently no regulatory requirement with respect to additional capital charges arising from concentration risks exceeding specific thresholds, and the Branch itself has limited portfolio size and limited number of obligors. The largest concentration is with the BDCB and, being in local currency, it carries 0% risk weight, thus, no capital charge is applied. In this regard, it is of the view that the credit risk capital charge already reflects or captures the concentration risk and no additional capital charge is necessary.

8.2 CR1: Credit quality of assets

Purpose: Provide a comprehensive picture of the credit quality of a bank's (on- and off-balance sheet) assets.

Content: Carrying values (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation).

Frequency: Semi-Annual

Format: Fixed

Accompanying narrative:

Definition of Defaults/Delinquent accounts

- The principal and/or the interest or both are past due for more than 90 days
- Inability of the borrower to meet contractual repayment terms of the credit facility

We adopt holistic approach towards assessing credit risk and ensure that managing credit risk is part of an integrated approach to enterprise risk management. Integral to the management of credit risk is a framework that clearly defines policies and processes relating to the identification, measurement and management of credit risk. We continually monitor the operating environment to identify emerging risks and to formulate appropriate mitigating actions

Delinquency Monitoring

We monitor closely the delinquency of borrowing accounts, a key indicator of credit quality. An account is considered delinquent when payment has not been received by the payment due date. All delinquent accounts, including revolving credit facilities (such as an overdraft) with limit excesses, are closely monitored and managed through a disciplined process by officers from business units and the risk management function. Where appropriate, such accounts are also subject to more frequent credit reviews.

		(a)	(b)	(c)	(d)	(e)	(f)
		Gross carrying values of		Allowances/ impairments	Of which: ECL accounting provisions for credit losses on SA exposures		Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Of which: specific allowances	Of which: general allowances	
1	Loans	2,040	91,683	666	646	20	93,057
2	Debt securities	-	-	-	-	-	-
3	Off- balance sheet exposures	-	81,355	-	-	-	81,355
4	**TOTAL**	2,040	173,038	666	646	20	174,412

8.3 CR2: Changes in Stock of Defaulted Loans and Debt Securities

Purpose: Identify the changes in a bank's stock of defaulted exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the stock of defaulted exposures due to write-offs.
Content: Carrying values
Frequency: Semi-Annual
Format: Fixed
Accompanying narrative: There is a slight decreased in defaulted exposures, net of new NPL and partial paydown of existing NPLs in FY 2024.

		(a)
1	Defaulted loans and debt securities at end of the previous reporting period ***(31 Dec 2023)***	2,461
2	Loans and debt securities that have defaulted since the last reporting period	179
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	(599)
6	Defaulted loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5)	2,040

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8.4 CRB: Additional disclosure related to the credit quality of assets

Purpose: Supplement the quantitative templates with information on the credit quality of a bank's assets.

Content: Additional qualitative and quantitative information (carrying values).

Frequency: Annual.

Format: Flexible.

We classify our credit portfolios according to the borrowers' ability to repay the credit facilities from their normal source of income. There is an independent credit review process to ensure that the loan grading and classification are appropriate.

All borrowing accounts are categorised as 'Pass', 'Special Mention' or 'Non-performing'. 'Non-performing' or impaired accounts are further sub-divided into 'Substandard', 'Doubtful' or 'Loss'. Any account which is delinquent or past due (or in excess of the approval limit for a revolving credit facility such as an overdraft) for more than 90 days will automatically be categorised as 'Non-performing'. In addition, any account that exhibits weaknesses which are likely to affect repayment on existing terms adversely may be categorised as 'Non-performing'. The accounting definition of impaired and the regulatory definition of default are generally aligned.

Upgrading and de-classification of a 'Non-performing' account to 'Pass' or 'Special Mention' must be supported by a credit assessment of the repayment capability, cash flows and financial position of the borrower. We must also be satisfied that once the account is de-classified, the account is unlikely to be classified again in the near future.

Under BDCB Prudential Treatment of Problem Assets and Accounting for expected Credit Losses, loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and / or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and / or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced or delayed by agreement.

Under the Prudential Treatment of Problem Assets and Accounting for expected Credit Losses, BDCB provides that banks should have a reliable credit classification system to promptly identify deteriorating credit exposures and determine appropriate allowance for credit losses. The said circular also stipulates the regulatory classification: pass, special mentioned, substandard, doubtful and loss, against which the internal classification system of the bank is mapped. Substandard, doubtful and loss are considered non-performing assets.

The Branch uses the Customer Risk Rating ("CRR") in grading its credits. There are 20 CRRs in all, mapped as follows:

CRR	Loan Grade
1 - 16	Pass (Special Mention, Technical Excess, Under Performing)
17 - 20	Non-Performing Assets (Substandard, Doubtful and Loss)

The branch's guidelines for estimating the impairment loss of NPL is in line with IFRS 9. Under IFRS 9, individual impairment loss is estimated based on future cashflows discounted at the original effective interest rate of the revocable period.

- 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).

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.

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.

A Credit facility is restructured when a Bank grant concessions to a borrower because of a deterioration in the financial position of the borrower or the inability to meet the original repayment schedule. A restructured exposure is one where the original terms and conditions of the facilities have been modified to assist the borrower to overcome financial difficulties. Examples of restructure as follows:

- Conversion of facility type e.g trade related facility to a term loan, or an overdraft
- Changes in the amount of principal payable at maturity as set out in the original loan agreement e.g by lengthening repayment period or compromised amounts or both;
- Moratorium or extension of interest and/or principal payment

Additional disclosure related to the credit quality of assets

Past Due and Impaired Loans analysed by Industry

	Past Due but not impaired	**Impaired Loans**
Manufacturing	561	-
Transportation		
Infrastructure	3,295	
Traders	1,590	
Professional Services	3,275	198
Construction and Property Financing	1,000	797
Tourism		
Telecommunication and Information Technology		
	9,721	995

Credit Exposures analysed by Industry

	Loans and advances to customers	Stage 1	Stage 2	Stage 3
By industry sector:				
Manufacturing	2,854	2645	209	-
Transportation	139	129	10	-
Infrastructure	4,982	4,982	-	-
Traders	48,262	46,555	1,707	-
Professional services	6,423	5,841	384	198
Constructions and Property Financing	28,760	22,706	4,232	1,822
Tourism	396	396	-	-
Telecommunication and Information Technology	1,241	1,217	24	-
	93,057	84,471	6,566	2,020

Credit exposure analysed by geography

	In Brunei	Outside Brunei	Total
Cash and short-term funds	598	462	1,060
Deposits and placements with financial institutions	-	164,022	164,022
Loans, advances and financing	93,057	-	93,057
Other assets	940	1,300	2,240
Balances with Autoriti Monetari Brunei Darussalam and Government SUKUK	21,040	-	21,040
	115,635	165,784	281,419
Commitments and contingencies	81,355	-	81,355

The Credit Exposures by Remaining Contractual Maturities of the Branch for the year ended 31 December 2024 were as follows:

	Corporates (including SMEs)
< 3 Months	80,841
3 – 6 Months	12,216
6 – 12 Months	-
1 – 3 Years	-
3- 5 Years	-
> 5 years	-
Grand Total	93,057

Ageing analysis of past due but not impaired and non-performing financial assets is summarized in the table that follows:

	Neither past due nor impaired	Past due but not Impaired	Non-performing	Interest Receivables	Stage 1	Stage 2	Stage 3	Net total
Current	81,456	-	723	629	(343)	(123)	-	82,342
Within 90 days	-	9,894	-	6	(171)	(9)	-	9,720
Over 90 to 180 days	-	-	-	-	-	-	-	-
Over 180 days	-	-	879	136	-	-	(20)	995
	81,456	9,894	1,602	771	(514)	(132)	(20)	93,057

8.5 CRC: Qualitative disclosure requirements related to credit risk mitigation techniques

Purpose: Provide qualitative information on the mitigation of credit risk.

Content: Qualitative information

Frequency: Annual.

Format: Flexible.

Credit Risk Mitigation

Our potential credit losses are mitigated through a variety of instruments such as collateral, derivatives, guarantees and netting arrangements. We would generally not grant credit facilities solely based on the collateral provided.

All requests for credit facilities are assessed based on the credit standing, source of repayment and debt servicing ability of the borrower.

We take collateral whenever possible to mitigate the credit risk assumed. The value of the collateral is monitored periodically and the frequency of such valuation depends on the type, liquidity and volatility of the collateral value. The collaterals are mostly in the form of properties. Cash, marketable securities, equipment, inventories and receivables may also be accepted. The collateral has to fulfill certain criteria (such as legal certainty across relevant jurisdictions) in order to be eligible for the Internal Ratings-based Approach (IRBA) purposes. We have policies and processes to monitor collateral concentration. Haircuts that reflect the underlying nature, quality, volatility and liquidity of the collaterals would be applied to the market value of collaterals as appropriate.

When extending credit facilities to small- and medium-sized enterprises (SMEs), we often take personal guarantees to secure the moral commitment from the principal shareholders and directors. For IRBA purposes, we do not recognise personal guarantees as eligible credit risk protection. Corporate guarantees are often obtained when the borrower's creditworthiness is not sufficient to justify an extension of credit. To recognise the effects of guarantees under the Foundation Internal Ratings-based (FIRB) Approach, we adopt the Probability of Default (PD) substitution approach whereby the PD of an eligible guarantor of an exposure is used for calculating the capital requirement.

Credit Monitoring and Remedial Management
We regularly monitor credit exposures, portfolio performance and emerging risks that may impact our credit risk profile.

Our Board and senior management committees are updated on credit trends through internal risk reports. The reports also provide alerts on key economic, political and environmental developments across major portfolios and countries, so that the necessary mitigating measures can be implemented promptly.

8.6 CR3: Overview of credit risk mitigation (CRM) techniques

Purpose: Disclose the extent of use of CRM techniques.

Content: Carrying values. Banks must include all CRM techniques used to reduce capital requirements and disclose all secured exposures.

Frequency: Semi-Annual

Format: Fixed.

Accompanying narrative: Potential credit losses are mitigated using a variety of instruments such as collateral and guarantees. As a fundamental credit principle, the Branch 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 and the value of the collateral is monitored periodically.

The frequency of valuation depends on the type, liquidity and volatility of the collateral value. The main types of collateral taken by the Branch are cash, marketable securities, real estate, equipment, inventory and receivables. Collateral taken by the bank has to fulfil certain eligibility criteria (such as legal certainty across relevant jurisdictions) in order to be Internal Ratings-Based (IRB) purposes

		(a)	(b)	(c)	(d)	(e)
		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	30,967	62,090	62,090	-	-
2	Debt securities	-	-	-	-	-
3	**Total**	30,967	62,090	62,090	-	-
4	Of which defaulted	-	2,020	2,020	-	-

8.7 CRD: Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

Purpose: Supplement the information on a bank's use of the standardised approach with qualitative data on the use of external ratings.

Content: Qualitative information

Frequency: Annual.

Format: Flexible.

<u>External Credit Assessments</u>

1. In accordance with the rules and principles laid down by the Basel Committee, the BDCB has identified the following international rating agencies as External Credit Assessment Institutions (ECAIs) for the purposes of risk weighting exposures for capital adequacy purposes-

   - Moody's
   - Standard and Poor's; and
   - Fitch Ratings

2. Banks are required to obtain the prior approval of the BDCB before using other ECAIs.

3. Banks shall not use one ECAI's rating for one exposure, while using another ECAI's rating for another exposure to the same counterpart, unless the respective exposures are rated by only one of the chosen ECAIs whose ratings the bank has decided to use. External assessments for one entity within a corporate group cannot be used to risk weight other entities within the same group (e.g. where such other entities are not rated).

4. *For banks registered and incorporated abroad*, the rating applicable to the Head Office may be used as the rating applicable to the particular branch, if the branch is not rated locally.

5. Banks shall be guided by the following in respect of exposures/ obligors having multiple ratings from the eligible ECAIs chosen by the bank for the purpose of risk weight computation: -
   - If there is only one rating by an eligible ECAI for a particular claim, that rating shall be used to determine the risk weight of the claim.
   - If there are two ratings accorded by an eligible ECAI, which map into different risk weights, the higher risk weight shall be applied.
   - If there are three or more ratings accorded by eligible ECAI with different risk weights, the ratings corresponding to the two lowest risk weights shall be referred to and the higher of those two risk weights shall be applied, i.e., the second lowest risk weight.

6. Where a bank invests in a particular issue (of a bond or SUKUK, for example) that has an issue-specific assessment, the risk weight of the claim shall be based on this assessment.

7. Other unassessed claims of an issuer will be treated as unrated

As indicated in the BDCB Capital Adequacy Framework, Exposures to Corporates are explained as per below:-

- Exposures on rated Corporates, including claims on insurance/takaful companies shall be weighted according to the external credit assessment of the entity per below table

Rating Category	Standard and Poor's Rating Services (S&P)	Moody's Investors Service (Moody's)	Fitch Ratings (Fitch)	Risk Weight
1	AAA to AA-	Aaa to Aa3	AAA to AA-	20%
2	A+ to A-	A1 to A3	A+ to A-	50%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	100%
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	100%
5	B+ to D	B1 to C	B+ to D	150%
Unrated				100%

- The risk weight for unrated claims on Corporates incorporated in Brunei Darussalam shall be 100%. This will be applied with our reporting as all of our corporate borrowers are incorporated in Brunei Darussalam and do not have credit rating.

- No claim on an unrated Corporate incorporated outside Brunei Darussalam, may be given a risk weight preferential to the assigned to its sovereign of incorporation

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8.8 CR4: Standardised approach for Credit risk exposure and credit risk mitigation (CRM) effects

Purpose: Illustrate the effect of CRM on standardised approach capital requirements' calculations. The RWA density provides a synthetic metric on riskiness of each portfolio.
Content: Regulatory exposure amounts.
Frequency: Semi-Annual.
Format: Fixed.
Accompanying narrative: there is no significant changes over the reporting period

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures before CCF and CRM		**Exposures post-CCF and CRM**		**RWA and RWA density**	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	21,040	-	-	-	-	0%
2	Non-central government public sector entities						-
3	Multilateral development banks						-
4	Banks	165,784	-	33,157	-	33,157	100%
5	Securities firms						-
6	Corporates	54,863	11,676	32,228	8,785	41,013	100%
7	Regulatory retail portfolios						-
8	Secured by residential property	4,791	-	2,828	-	2,828	100%
9	Secured by commercial real estate	31,382	-	31,382	-	31,382	100%
10	Equity						-
11	Past-due loans	2,020	-	3,030	-	3,030	100%
12	Higher-risk categories						-
13	Other assets	2,572	-	2,572	-	2,572	100%
14	**Total**	282,453	11,676	105,197	8,785	113,982	100%

8.9 CR5: Standardised approach for Exposures by asset classes and risk weights

Purpose: Present the breakdown of credit risk exposures under the standardised approach by asset class and risk weight (corresponding to the level of risks attributed to the exposure).
Content: Regulatory exposure amounts.
Frequency: Semi-Annual.
Format: Fixed.
Accompanying narrative: There is no significant changes over the reporting period.

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Risk Weight* / Asset classes	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks										
2	Non-central government public sector entities (PSEs)										
3	Multilateral development banks (MDBs)										
4	Banks			33,157							33,157
5	Securities firms										
6	Corporates							32,228		8,785	41,013
7	Regulatory retail portfolios										
8	Secured by residential property				670		2,158				2,828
9	Secured by commercial real estate							31,382			31,382
10	Equity										
11	Past-due loans								3,030		3,030
12	Higher-risk categories										
13	Other assets							2,572			2,572
14	Total			33,157	670		2,158	66,182	3,030	8,785	113,982

9 C7: Counterparty Credit Risk (CCR)

9.1 CCRA : Qualitative disclosures related to CCR

Purpose: Describe the main characteristics of counterparty credit risk management (eg operating limits, use of guarantees and other CRM techniques, impacts of own credit downgrading).

Content: Qualitative information.

Frequency: Annual.

Format: Flexible.

Unlike normal lending risk where the notional at risk can be determined with a high degree of certainty during the contractual period, counterparty credit risk exposure fluctuates with market variables. Counterparty credit risk is measured as the sum of current mark-to-market plus appropriate add-on factor for Potential Future Exposure (PFE). The PFE factor is an estimate of the maximum credit exposure over the remaining life of the foreign exchange (FX)/derivatives transactions and is used for limit setting and interval risk management.

The Branch also has established policies and procedures to manage wrong-way risk, i.e. where the counterparty credit exposure is correlated positively with its default risk. Transactions that exhibit such characteristics are identified and reported to senior management on a regular basis. In addition, transactions with specific wrong-way risk are generally rejected at the underwriting stage.

The off-balance sheet exposures and their related counterparty credit risk of the loan and advances for the year ended 31 December 2024 were as follows:

Description	Principal Amount	Positive Fair Value of Derivatives Contracts	Credit Equivalent Amount
Transactions related contingent items	22,687	22,687	11,343
Short-term self-liquidating trade related contingencies	1,664	1,664	333
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	-	-	-
Other commitments which can be unconditionally cancelled at any time	57,004	57,004	-
Total	**81,355**	**81,355**	**11,676**

10 C8: Securitisation

10.1 SECA : Qualitative disclosure requirements related to securitisation exposures

Purpose: To provide qualitative information on a Bank's strategy and risk management with respect to its securitisation activities.
Content: Qualitative information
Frequency: Annual.
Format: Flexible
UOB Brunei Branch currently does not invest in securitization transactions.

11 C9: Market Risk

11.1 MRA: Qualitative disclosure requirements related to market risk

Purpose: Provide a description of the risk management objectives and policies for market risk.

Content: Qualitative information.

Frequency: Annual,

Format: Flexible.

Market risk is defined as the risk to the bank earnings and capital due to changes in the market interest rate or prices of securities, foreign exchange, commodities and equities as well as volatilities of changes.

UOB Brunei has been classified by HO as a non-Global Markets center and as such, it will not do market making or hold onto trading positions. As of December 2024, it has no outstanding securities in the trading book.

In order to support customer transactions or for liquidity management purposes, UOB Brunei may have foreign exchange ("FX") exposures arising from plain-vanilla FX spot, forward and swap transactions which are short-term in nature and which, as matter of procedure, are squared off as soon as possible, so the Branch does not hold onto significant net open position.

- Measurement

As of December 2024, the Branch's market risk summary is as follows:

	RWA	Capital Charge
Interest Rate		
- General Market Risk	-	-
- Specific Risk	-	-
Equity		
- General Market Risk	-	-
- Specific Risk	-	-
Foreign Exchange	12,259	981
Total	**12,259**	**981**

➢ Policy Overview

Detailed market risk policies covering investments, foreign exchange risk management and derivatives are in place. The key aspects are as follows:

- Roles and Responsibilities: UOB Ltd has a Management Committee who is overseeing the Asset and Liability of UOB Brunei. This committee is responsible for defining, estimating the market risk inherent in all activities and the pattern and composition of investments. UOB Brunei may only hold or assume market risks as may be approved by the Group ALCO, and presently, it has not been delegated any limit for market making or trading positions.
- Valuation and Pricing: The Branch values its foreign exchange marked-to-market based on the rates independently obtained from accepted market sources. Investments, if any, are valued and marked to market as per regulatory guidelines.
- Approved Instruments and Currencies: The Branch has in place an approved list of products for its market risk-related transactions. It may only deal in such instruments and currencies as approved by Group ALCO.
- Limits: The Branch has clearly defined limits for different categories of instruments. These limits are approved by Group ALCO. Limits include net open position, tenors, counterparty, stop loss, tenor and holding periods. They are continuously monitored on a daily basis or at such frequency as required.

11.2 MR1: Market risk under standardised approach

Purpose: To provide the components of the capital charge under the *Standardised Approach* for market risk.
Content: RWA
Frequency: Semi-Annual.
Format: Fixed.

		(a)
		RWA
1	interest/ Proft rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	12,259
4	Commodity risk	-
5	**Total**	12,259

12 C10: Interest Rate Risk in the Banking Book

12.1 IRRBBA: Interest Rate Risk in the Banking Book (IRRBB) risk management objective and policies

Purpose: Provide a description of the risk management objectives and policies concerning IRRBB.

Content: Qualitative and quantitative information.

Frequency: Annual.

Format: Flexible

Interest Rate Risk in the Banking Book ("IRRBB") is the risk where changes in market interest rates might adversely affect the Branch's financial condition. The immediate impact of the change in the interest rate will be on the Net Interest Income ("NII") of the Branch since the returns on the interest-bearing assets and interest-bearing liabilities are likely to be affected. However, in the long term the impact of changing interest rates will be felt on the Branch's net worth since the economic value of the banks' assets, liabilities and off-balance sheet positions get affected due to variation in market interest rates.

UOB Brunei calculates and determines bucket-wise maturity/re-pricing of interest rate sensitive assets and liabilities.

Hereunder interest-sensitive data as of December 2024 was used. Shocks are applied as follows: Parallel, 200; Short, 300; Long, 150. Shocks and scenarios are based on the Group methodology used in managing interest rate risks.

Results are presented in the table below. The worst of the EVE or NII is assumed for capital calculation purposes.

- Calculations

	Up to 7 days	Over 7 days - 1 month	Over 1 - 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years
Rate	0.74	3.32	3.13	0.64	1.55	0	0	0	0
Assets	75,835	56,923	50,076	47,816	20,300	0	0	0	0
Liabilities	46,512	29,486	42,406	39,076	18,995	0	0	0	0
Interest Sensitivity Gap	29,324	27,438	7,670	8,740	1,305	0	0	0	0
Net Cumulative Gap	29,324	56,761	64,431	73,171	74,476	0	0	0	0

	Impact
NII (12 mos.)	
Parallel Shock Up	951
Parallel Shock Down	(1,870)
EVE	
Parallel Shock Up	(98)
Parallel Shock Down	91
Steepener Shock	68
Flattener Shock	(94)
Short Rates Shock Up	(123)
Short Rates Shock Down	115

- Analysis

There is presently no regulatory threshold on the EVE and considering the drop is not significant (less than 1% of capital), no further capital needs to be allocated for interest rate risk in the banking book.

The worst impact on NII over the next 12 months is at BND951 Thousand (less than 1% of capital).

13 C11: Operational Risk

13.1 ORA: Qualitative disclosure requirements related to operational risk

Scope of application: This table is mandatory for all banks (including registered banks for its operations in Brunei Darussalam).
Content: Qualitative information.
Frequency: Annual.
Format: Flexible.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Potential loss may be in the form of financial loss or other damages, e.g., loss of reputation and public confidence that will impact the bank's credibility and ability to transact, maintain liquidity and obtain new business.

Operational risk includes legal risk, fraud risk, compliance risk (discussed separately), technology risk and reputational risk (discussed separately). Reputational risk, together with strategic risk, is excluded for capital computation.

Legal risk arises out of the legal implications of failed systems, people, processes, or external events. From credit risk mitigation perspective, it arises from the possibility that the legal mechanism by which the collateral was pledged or transferred does not guarantee that the bank has the right to liquidate or seize the collateral.

Fraud risk arises from acts with an element to deceive or conceal facts and is not restricted to monetary or material benefits.

Technology risk, another integral part of operational risk, stems out of failure in systems or non-adherence to laid-down processes or misuse by staff apart from external events.

UOB Ltd has a commitment to meeting high ethical operational risk management standards in the way it conducts its business. To ensure operational risks are effectively managed, it has in place various operational risk frameworks, policies, guidelines and programs which include IT and information security, new products/services, incident reporting, outsourcing, key risks and controls self-assessment, key operational risk indicators, incident reporting, management risk awareness and business continuity management.

Governance operates on the "Three Lines of Defense" model wherein the business / support lines that have primary responsibility to identify and manage operational risks at their level are in the first line, with Compliance and Risk Management performing independent oversight in the second line and internal and external audit performing independent review in the third line.

➢ Framework of Operational Risk Management

Operational risk results from failure of systems, internal process, people and/or external interventions such as fraud and forgeries. UOB Brunei gives high priority to the management of operational risk. It is controlled by the following process:

- All transactions are properly authorized under four-eyes controls;
- All transactions are properly recorded;
- Controls are in place;
- Assets are safeguarded;
- Sound ethical standards are adhered to; and
- Full compliance to laws, regulations and corporate policies.

- Measurement

UOB Brunei has adopted the Basic Indicator Approach for Operational Risk. Under the regulatory framework, the average profits for the last 3 years are to be earmarked as capital towards operational risks.

As of December 2024, the capital charge and RWA of the Branch for Operational Risk are at BND1,354 and BND16,929 respectively.

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	Dec 2022	Dec 2023	Dec 2024	Total Amount	Average Amount
Gross Income	**7,958**	**10,250**	**8,879**	**27,087**	**9,029**
Net Income	**7,958**	**10,250**	**8,879**	**27,087**	**9,029**
Net Interest/profit Income (Interest/profit income – interest expense)	6,950	9,254	7,981	24,185	8,062
Non-Interest/profit income	1,008	996	898	2,902	967
Less :	-	-	-	-	-
Realised Profits from the sale of securities in the banking book	-	-	-	-	-
Extraordinary / irregular item of Income	-	-	-	-	-
Total Capital Charge for Operational Risk	**1,194**	**1,538**	**1,332**	**4,063**	**1,354**
Total Risk-Weighted Assets for Operational Risk	**14,921**	**19,219**	**16,648**	**50,788**	**16,929**