# United Overseas Bank Limited
# Brunei Branch

# Pillar 3 Disclosure Report
# 30 June 2025

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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 with the requirements of Brunei Darussalam Central Bank so as to give correct and complete public disclosure.

**Howard Low Boon Keng**
**Country Manager**
Date: 26 August 2025

**Hajah Norsinah Haji Kamis**
**Finance Manager**
Date: 26 August 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:**<br>In 2Q 2025, the Tier 1 and Total Capital Ratio has decreased due to higher Total Risk Weighted Assets from:<br>1) Credit Risk – increase in Off-Balance Sheet exposure from the issuance of Banker's Guarantee of ~B$53m<br>2) Market Risks - increase in foreign exchange related transaction for the issuance of Banker's Guarantee in USD38m. |

| | | (a) | (b) | (c) | (d) | (e) |
|---|---|---|---|---|---|---|
| | | Jun 25 | Mar 25 | Dec 24 | Sep 24 | Jun 24 |
| | **Available capital (amounts)** | | | | | |
| 1 | Tier 1 | 105,807 | 105,026 | 104,083 | 108,020 | 106,760 |
| 2 | Total capital | 106,290 | 105,471 | 104,696 | 108,645 | 107,393 |
| | **Risk-weighted assets (amounts)** | | | | | |
| 3 | Total risk-weighted assets (RWA) | 207,253 | 141,837 | 143,170 | 137,961 | 133,604 |
| | **Risk-based capital ratios as a percentage of RWA** | | | | | |
| 4 | Tier 1 ratio (%) | 51.05 | 74.05 | 72.70 | 78.30 | 79.91 |
| 5 | Total capital ratio (%) | 51.28 | 74.36 | 73.13 | 78.75 | 80.38 |

### 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:**<br>The total RWA shown an increased in 2Q 2025 reporting, notably from Credit Risk and Market Risk. This is from the issuance of Banker's Guarantee in foreign currency (USD38m) equivalent to ~B$53m. |

| | | (a) | (b) | (c) |
|---|---|---|---|---|
| | | RWA | | Minimum capital requirements |
| | | Jun 2025 | Mar 2025 | Jun 2025 |
| 1 | Credit risk (Standardised) | 140,385 | 114,445 | 14,038 |
| 2 | Market risk (Standardised) | 49,939 | 10,462 | 4,994 |
| 3 | Operational risk (Basic Indicator Approach) | 16,929 | 16,929 | 1,693 |
| 4 | Total (Row 1 + 2 + 3 ) | 207,253 | 141,836 | 20,725 |

## 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:**<br>No significant changes over the reporting period. |

| | | (a) |
|---|---|---|
| | | Amounts |
| | **Tier 1 capital: instruments and reserves** | 105,807 |
| 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 | 40,363 |
| 5 | Published Retained Profits/(Accumulated Losses) | 35,444 |
| 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** | 482 |
| 16 | General Credit Loss Reserves (Capped at 125% of Credit Risk) | 482 |
| 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** | 482 |
| 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** | 482 |
| 23 | Tier 2 capital (T2) | 482 |
| 24 | **Allowable Supplementary Capital (Tier 2 Capital)** | |
| 25 | **Sub-Total of Tier 1 and Tier 2 Capital** | 106,290 |
| 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)** | 106,289 |
| 33 | **Total risk-weighted assets** | 207,253 |
| | Capital ratios | |
| 34 | **Tier 1 (as a percentage of risk-weighted assets)** | 51.05 |
| 35 | **Total capital ( as a percentage of risk-weighted assets)** | 51.28 |

## 5 C6 Credit Risks

### 5.1 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 | 1,763 | 93,469 | 457 | - | 457 | 94,775 |
| 2 | Debt securities | - | - | - | - | - | - |
| 3 | Off- balance sheet exposures | - | 129,053 | - | - | - | 129,053 |
| 4 | **TOTAL** | 1,763 | 222,522 | 457 | - | 457 | 223,828 |

### 5.2 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:**<br>There is reduction of Non-Performing Accounts ('NPA') in the 2Q 2025. Two NPA fully settle their outstanding and payment received from the remaining existing NPA. |

| | | (a) |
|---|---|---|
| 1 | Defaulted loans and debt securities at end of the previous reporting period | 2,040 |
| 2 | Loans and debt securities that have defaulted since the last reporting period | - |
| 3 | Returned to non-defaulted status | (218) |
| 4 | Amounts written off | - |
| 5 | Other changes | (59) |
| 6 | Defaulted loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5) | 1,763 |

### 5.3 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:**<br>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.<br><br>Collateral is taken whenever possible to mitigate the credit risk assumed and the value of the collateral is monitored periodically.<br><br>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 | 32,915 | 62,317 | 62,317 | - | - |
| 2 | Debt securities | - | - | - | - | - |
| 3 | **Total** | 32,915 | 62,317 | 62,317 | - | - |
| 4 | Of which defaulted | - | 1,763 | 1,763 | - | - |

### 5.4 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:**<br>There are 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 | 16,382 | - | - | - | - | 0% |
| 2 | Non-central government public sector entities | | | | | | - |
| 3 | Multilateral development banks | | | | | | - |
| 4 | Banks | 163,453 | - | 32,691 | - | 32,691 | 100% |
| 5 | Securities firms | | | | | | - |
| 6 | Corporates | 56,633 | 37,926 | 34,220 | 35,420 | 69,640 | 100% |
| 7 | Regulatory retail portfolios | | | | | | - |
| 8 | Secured by residential property | 6,031 | - | 3,364 | - | 3,364 | 100% |
| 9 | Secured by commercial real estate | 30,348 | - | 30,348 | - | 30,348 | 100% |
| 10 | Equity | | | | | | - |
| 11 | Past-due loans | 1,763 | - | 2,644 | - | 2,644 | 100% |
| 12 | Higher-risk categories | | | | | | - |
| 13 | Other assets | 2,181 | - | 1,697 | - | 1,697 | 100% |
| 14 | **Total** | 276,791 | 37,926 | 104,964 | 35,420 | 140,384 | 100% |

### 5.5 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 are 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 | | | 32,691 | | | | | | | 32,691 |
| 5 | Securities firms | | | | | | | | | | |
| 6 | Corporates | | | | | | | 34,220 | | 35,420 | 69,640 |
| 7 | Regulatory retail portfolios | | | | | | | | | | |
| 8 | Secured by residential property | | | | 1,014 | | 2,350 | | | | 3,364 |
| 9 | Secured by commercial real estate | | | | | | | 30,348 | | | 30,348 |
| 10 | Equity | | | | | | | | | | |
| 11 | Past-due loans | | | | | | | | 2,644 | | 2,644 |
| 12 | Higher-risk categories | | | | | | | | | | |
| 13 | Other assets | | | | | | | 1,697 | | | 1,697 |
| 14 | Total | | | 32,691 | 1,014 | | 2,350 | 66,265 | 2,644 | 35,420 | 140,384 |

## 6 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 | 49,939 |
| 4 | Commodity risk | - |
| | | |
| 5 | **Total** | 49,939 |