Basel II – Pillar 3 Disclosures

FOR THE YEAR ENDED 31ST DECEMBER 2021

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1. Overview and Introduction

Bank Islam Brunei Darussalam ("BIBD") and its subsidiaries ("the Group") is regulated by the Brunei Darussalam Central Bank ("BDCB") and follows the updated Pillar 3 – Public disclosure requirements issued by the BDCB in April 2021.

This document is prepared and based on the said notice and complements other regulatory guidance such as the minimum risk-based capital requirements and other quantitative requirement as per the Notice No BU/N-4/2017/39 – Maintenance of Capital Adequacy Ratio and Notice No. BU/N-10/2018/60 : Amendment No. 1 - Supervisory Review and Evaluation Process (SREP). The Pillar 3 disclosure aims to facilitate and promote market discipline by requiring disclosure of key information on a consistent and comparable basis.

Basel Regulatory Framework

The Basel Accord framework consists of following three main pillars:

- **Pillar I -** defines the regulatory minimum capital requirements by providing rules and regulations for measurement of credit risk, market risk and operational risk. The requirement of capital has to be covered by the Group' own regulatory fund;
- **Pillar II** – address the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") for assessing an overall capital adequacy in relation to risks other than Pillar I. Pillar II also introduces the Supervisory Review and Evaluation Process ("SREP"), which is used as a tool to assess the internal capital adequacy of banks; and
- **Pillar III -** compliments the other two pillars and focuses on the enhanced transparency in information disclosure, covering risk and capital management, including capital adequacy which encourages market discipline and allows market participants to assess specific information.

2. Scope of Application

The name of the top corporate entity in the group, to which these regulations apply, is Bank Islam Brunei Darussalam Berhad and its subsidiaries. The consolidated financial statements are prepared in accordance with the requirements of the International Financial Reporting Standards ("IFRS") and BDCB.

There is no difference between our accounting and reporting in the consolidation of our subsidiaries. Further details on the basis of consolidation can be referred on the notes from the BIBD financial statements.

C1: Overview of key prudential metrics and RWA

KM1: Key Metrics

Purpose: To provide an overview of the Group's prudential regulatory metrics

Content: Key prudential metrics related to regulatory capital and other regulatory requirements

Frequency: Quarterly

Format: Fixed

Narrative: Tier 1 capital increased due to net profit was recognized as capital as well as de-risking of portfolios resulting in a lower RWA.

Quantitative disclosure:

		T	T-1	T-2	T-3	T-4
		31-Dec-21	30-Sep-21	30-Jun-21	31-Mar-21	31-Dec-20
Available capital (BND'000)						
1	Tier 1	1,284,695	1,136,396	1,264,406	1,269,980	1,269,881
2	Total Capital	1,302,960	1,152,445	1,282,726	1,285,812	1,281,387
Risk-weighted assets (BND'000)						
3	Total risk-weighted assets (RWA)	6,350,173	6,570,791	6,414,947	6,360,999	6,400,922
Risk-based capital ratios as a percentage of RWA						
4	Tier 1 ratio (%)	**20.2%**	**17.3%**	**19.7%**	**20.0%**	**19.8%**
5	Total capital ratio (%)	**20.5%**	**17.5%**	**20.0%**	**20.2%**	**20.0%**

OV1: Overview of Risk Weighted Assets (RWA)

Purpose: To provide an overview of total RWAs and further respective breakdowns.

Frequency: Quarterly

Format: Fixed

Narrative: The reduction in credit risk is due to reallocation to lower risk weight assets.

Quantitative disclosure:

BND'000		(a)	(b)	(c)
		RWA		Minimum capital requirement
		31-Dec-21	30-Sep-21	31-Dec-21
1	Credit Risk (Standardised)	5,657,635	5,876,331	565,764
2	Market Risk (Standardised)	72,909	74,831	7,291
3	Operational risk (Basic Indicator Approach)	619,629	619,629	61,963
4	Total	**6,350,173**	**6,570,791**	**635,018**

C2: Composition of Capital

The authorized, issued, and paid-up capital of the Group comprises of 724,749,512 shares at BND 0.70 each as at 31st December 2021.

CC1: Composition of regulatory capital

Purpose: To provide a breakdown of the constituent elements of the bank's capital
Content: Regulatory capital breakdown according to the scope of regulatory consolidation
Frequency: Semi-Annual
Format: Fixed
Narrative: General credit loss reserved only include stage 1.
Quantitative disclosure:

	Item (BND'000)	Amount
	Tier 1 Capital: instruments and reserves	**1,288,235**
1	Paid-up Ordinary Shares/Assigned Capital (after deduction of holdings of own capital)	507,325
2	Non-Cumulative , Non-Redeemable Preference Shares	-
3	Share Premium	-
4	Statutory Reserve Fund	571,971
5	Published Retained Profits/(Accumulated Losses)	196,667
6	General Reserves	3,917
7	Fair Value Reserves	8,355
8	**Tier 1 capital before regulatory adjustments**	1,288,235
	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	(3,540)
14	Total Regulatory adjustments to Tier 1 Capital	-
15	**Tier 1 capital**	**1,284,695**
	Tier 2 capital: instruments and provisions	**21,805**
16	General Credit Loss Reserves (Capped at 1.25% of Credit Risk)	21,805
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**	21,805
	Tier 2 capital: regulatory adjustments	21,805
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**	-
23	**Tier 2 capital (T2)**	
24	Allowable Supplementary Capital (Tier 2 Capital)	21,805
25	Sub-Total of Tier 1 and Tier 2 Capital	1,306,500
26	Deductions/Adjustments 3 to total Amount of Tier 1 and Tier 2 capital	(3,540)
27	Significant Investments in Banking, Securities and Other Financial Entities	-
28	Significant Investments in Insurance Entities & Subsidiary	(3,540)
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)**	1,302,960
33	**Total risk-weighted assets**	6,350,173
	Capital ratios	
34	**Tier 1 (as a percentage of risk-weighted assets)**	**20.2%**
35	**Total capital (as a percentage of risk-weighted assets)**	**20.5%**

C3: Linkages between financial statements and regulatory exposures

LIA: Explanations of differences between accounting and regulatory exposure amounts

Purpose: to provide qualitative explanations on the differences observed between accounting carrying value (as defined in Ll1) and amounts considered for regulatory purposes (as defined in Ll2) under each framework.
Content: Qualitative information
Frequency: Annual
Format: Flexible
Qualitative disclosure:
Credit risk exposures difference, reported under Pillar III vis-à-vis financial statements: • As per BDCB Capital Adequacy framework, off balance sheet exposures are converted, by applying a credit conversion factor (“CCF”), into equivalent credit exposures; • Intangible assets such as Goodwill are deducted from Capital and not taken under credit risk weighted assets; • Commercial subsidiaries are completely deconsolidated and only the investments at cost, in those entities, are considered for the risk weight purposes; reserves and retained earnings in these companies are deducted from the group capital; • Under the comprehensive credit risk mitigation approach, eligible collaterals are considered; and • General provisions are not netted off against financing but used as Tier 2 capital up to 1.25% of Credit RWA.

Ll1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

Purpose: To highlight the difference between the accounting and regulatory consolidation scope and the mapping of the financial statement categories including regulatory risk categories
Content: Carrying values
Frequency: Annual
Format: Flexible
Narrative: As of FY2021, there is no difference in the carrying value under the published financial statement and the regulatory consolidation.

Quantitative disclosure:

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			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 (BND'000)		**10,570,893**	**10,433,430**	-	-	**130,383**	7,080
Cash and cash equivalents		3,264,565	3,264,565	-	-	-	-
Balances with BDCB		492,042	492,042	-	-	-	-
Placements with and financing and advances to banks		1,180,555	1,180,555	-	-	-	-
Government sukuks		59,986	59,986	-	-	-	-
Investments		1,141,901	1,011,518	-	-	130,383	-
Derivative financial assets		27,869	27,869	-	-	-	-
Financing and advances		4,182,666	4,182,666	-	-	-	-
Finance lease receivables		12,559	12,559	-	-	-	-
Investments in subsidiaries		-	-	-	-	-	-
Investment in associate and Joint Ventures		46,691	39,611	-	-	-	7,080
Other assets		42,106	42,106	-	-	-	-
Property and equipment		89,804	89,804	-	-	-	-
Investment property		22,431	22,431	-	-	-	-
Deferred tax assets		7,718	7,718	-	-	-	-
Liabilities (BND'000)		**9,282,658**	-	-	-	-	**9,282,658**
Deposits from customers		8,369,389	-	-	-	-	8,369,389
Deposits from banks and other financial institutions		580,548	-	-	-	-	580,548
Placements from other financial institutions		113,775	-	-	-	-	113,775
Derivative financial liabilities		13,173	-	-	-	-	13,173
Other liabilities		143,716	-	-	-	-	143,716
Zakat		3,978	-	-	-	-	3,978
Provision for taxation		58,079	-	-	-	-	58,079

Ll2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Purpose: Provide information on the main differences (other than due to different scopes for the consolidation which are shown in Ll1) between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes.

Content: Carrying values

Frequency: Annual

Format: Flexible

Narrative: Regulatory exposure translate off-balance sheet exposure into credit exposure equivalent which is not considered in the financial statement.

Quantitative disclosure:

		(a)	(b)	(c)	(d)	(e)
		Total	Items subject to:			
			Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
	Assets (BND'000)					
1	**Asset carrying value amount under scope of regulatory consolidation (as per Template LI1)**	10,563,813	10,433,430	-	-	130,383
2	Liabilities carrying value amount under regulatory scope of consolidation (as per Template LI1)	-		-	-	-
3	Total net amount under regulatory scope of consolidation (Row 1 – Row 2)	10,563,813	10,433,430	-	-	130,383
4	Off-balance sheet amounts	528,862	-	-	528,862	-
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*	-	21,367	-	-	-
8	*Differences due to prudential filters*	-	-	-	-	-
9	**Exposure amounts considered for regulatory purposes**	**11,092,675**	**10,454,797**	-	**528,862**	**130,383**

C4: Overview of Risk Management

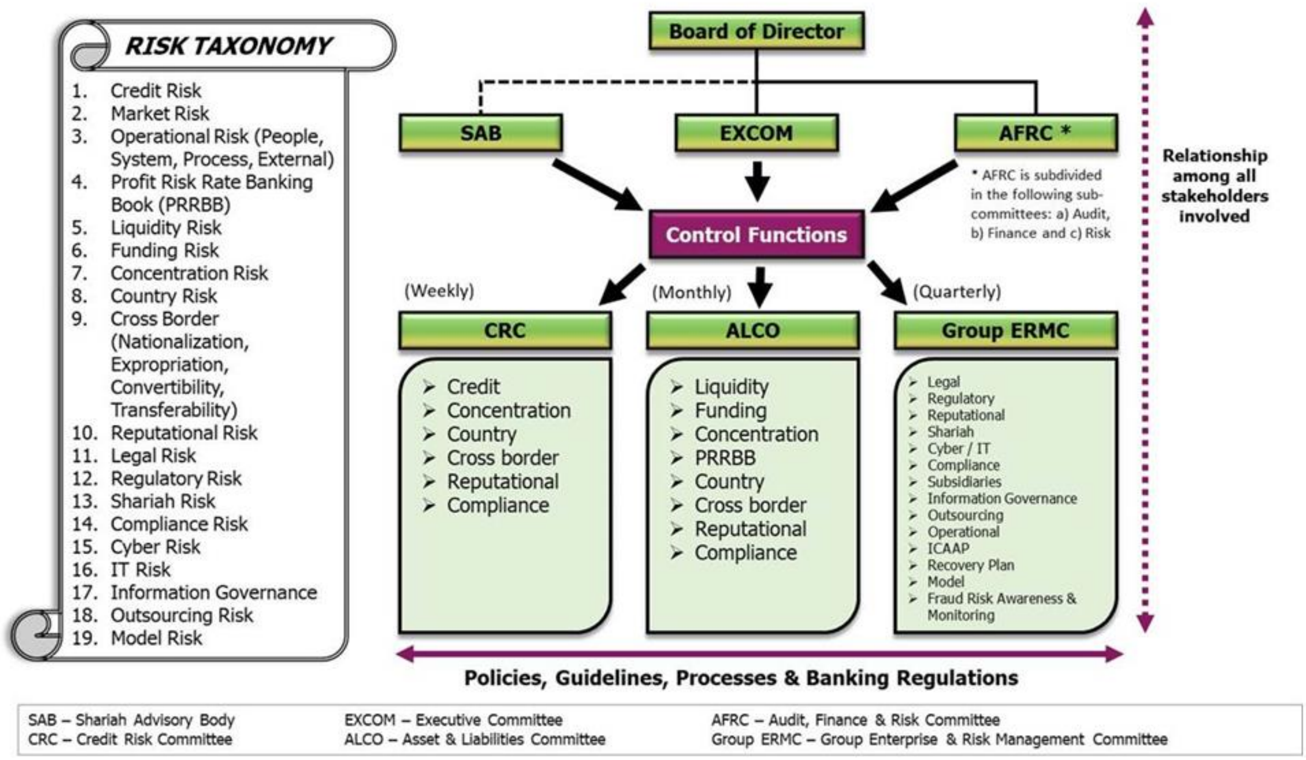
OVA: Risk Management Approach

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 Group's risk tolerance/ appetite in relation to its main activities and all significant risks.
Content: Qualitative information
Frequency: Annual
Format: Flexible
Qualitative disclosure:

Risk is inherent in the Group's activities and is managed through a process of ongoing identifications, measurements and monitoring, subject to the risk limits and other controls.

To ensure that all relevant risks of the group are properly identified, well-understood, measured and assessed. The Group has categorized the risk framework into nineteen (19) risk classifications or "Risk Taxonomy" which aimed to proper monitoring, reporting, controlling and mitigating or avoidance of the risk factors in general. This includes an established process, using effective risk measurement techniques and management information systems, for monitoring and reporting on the Group's risk appetite vis the Group's risk controls, coupled with the strategic and business plans within an Enterprise Risk View.

The Group Risk Governance Structure refers to: all the nineteen (19) risk classifications are managed under a risk governance model whereby each risk classification is reported/escalated to the dedicated/delegated executive committee as below shown.



In addition to this, Group Risk Management also adopted the 80:10:10 Group Risk Culture; whereby it is stipulated the specific risk ownership among the three (3) lines of defense as follows:-

1st line: Business units	: Risk owner 80%
2nd line: Risk Management and Compliance	: Risk oversight, policy and methodology 10%
3rd line: Internal Audit	: Risk assurance 10%

On the same note, RMD provide an ongoing support, guidance and an oversight risk function to all related business units activities through six (6) dedicated units as follows :-

1) Corporate Credit Risk – To ensure a healthy balance sheet for corporate portfolios by overseeing credit related matters from an operational, tactical and strategic view, coupled with the recovery plan and stress test exercise.
2) Retail Credit Risk – To ensure a healthy balance sheet for retail portfolios by overseeing credit related matters from an operational, tactical and strategic view.
3) Market Risk – Overseeing and perform credit risk evaluation for cross-border exposures International Islamic debt and syndication financings, coupled with the market risk analysis related to treasury products as well as the RWAs management and ICAAP elaboration.
4) Cyber/IT Risk and Project Management Unit – Overseeing and perform risk assessment analysis for the IT/Cyber activities and related projects.
5) Operational Risk – Overseeing and performs the risk assessment analysis on the 1st LOD's risk activities for both operational and Shariah Non- Compliance Risks.
6) Shariah Risk Review – Reviewed and ensured that all Shariah principles were properly implemented and followed.

Risk management functional and governance structure
The Group has aligned its risk organisational responsibilities with the objective of ensuring a common risk view across the Group. As a matter of good business practice and prudence, the Board of Director ("BOD") has delegated responsibility of the Group's risk management functions to the Audit, Finance and Risk Committee ("AFRC") which has being subdivided into three sub-committees: (1) Audit Sub-Committee, (2) Finance Sub-Committee and (3) Risk Sub-committee; all three oversighting specific scopes and functions within the Group, being an independent and clearly segregated body from the business divisions. Shariah Advisory Body ("SAB") main roles and responsibilities are to advise the Group on the operations of its Islamic banking business in order to ensure that every aspect of the Group operations and activities are compliant with Shariah principles.

The BOD via the Group's Executive committee ("ExCom"), which is at the same level as the AFRC, has also being delegated with the responsibility to oversight the Group credit risk decision, throughout the Credit Risk Committee ("CRC"), Market Risk and liquidity risk throughout the Asset & Liabilities Committee ("ALCO") and all enterprise risks (19 risks) throughout the Enterprise Risk Management Committee ("ERMC").

Risk Management Division is an area, reporting to the CEO, responsible for managing the Group's risks, including the following:

- To conform with a statutory scope, all regulatory and internal risk management process in order to have a sound risk management framework, in order to comply with domestic and international alignment.
- To support management in building a healthy credit portfolio in line with the Group's overall strategy and risks appetite;
- To develop an increasing ability to recognized, measured and mitigate or avoid potential risk issues;

The Group has a strong management risk culture, whereby the Risk Management team plays and important role as a 2nd line of defense, having in place a proper Risk Governance, Controls and Monitoring process, in order to minimized losses as well as increasing sustainable revenues. The Group has a Risk Strategy ("RS") which is a holistic document aligning the Group's general objectives with respect to its Risks Appetite Statement ("RAS"), as follows:

- To consistently exceed minimum regulatory capital requirements
- To ensure sufficient levels of liquidity and funding
- To manage the level of risk in the portfolio to an acceptable level
- To maintain favourable external debt ratings

In BIBD, we recognized the importance of a Risk culture within an organization. In order to promote the risk awareness, Risk management consistently provide trainings to all staff. Operational risk is one of the major risk the Group is facing. As a result, the group had appointed risk coordinators across all the divisions within the Group as focal points to escalate any risk management event.

The operational Indictors are the Risk appetite statement ("RAS") and respective Key Risk Indicators ("KRI"),which are implemented by each division and reviewed on a monthly basis by risk management via

respective risk coordinators. Afterwards, results are uploaded in a centralized depository system called “B-wise”, which is a tool use for monitoring and reporting to the Enterprise Risk Management Committee (“ERMC”) on a quarterly basis. B-WISE also acts as a Central Depository for important documentation such as policies, SOPs and regulatory guidelines, that only limited users can have access to. Annually, Risk Management Strategy (“RS”) and Risks Appetite Statements (“RAS”) are review and approved at Board level. Within the scope of the IT & Cyber Risk Management Framework, Risk Management has a constant follow up on all IT activities, as a 2nd line of defense. In order to track any IT and Cyber risk related events, coupled with a monitoring of mitigants or solution processes for the internal and external risk events. Sharia compliance is a cornerstone for The Group as the leading Islamic bank in Brunei Darussalam and in order to comply with The Group Corporate Governance, there is a zero tolerance to any deviation with this respect. And always in full alignment with the Shariah Advisory Body (“SAB”) and Shariah Financial Supervisory Board (“SFSB”). As part of its overall risk management framework, the Group established different type of limits, in order to properly managed exposures resulting from changes in the credit, liquidity, market (including profit rate risk and foreign exchange risk) and operational risks. The Group seeks to manage its credit risk exposures through the diversification of financings and investing activities to avoid undue concentration of risk with individuals and groups of customers within specific locations or businesses. The Group actively uses collaterals to reduce its credit risk. The credit risk are within the oversight of the CRC. The market risk is managed on the basis of continuous revaluation of assets against market movements on foreign currencies and Sukuk price against current market price. Whereas for the liquidity risk, management is monitoring all funding sources, on a monthly basis, and the usage of assets with respect to their overall liquidity in consideration to maintain a healthy balance within the liquid assets (i.e. cash and cash equivalents). Both market and liquidity risks are within the oversight of ALCO. To manage all other risks, the Group has developed a detailed risk management framework to identify and apply resources to mitigate the risks which is within the oversight of the ERMC.

C5: Liquidity Risk

LIQA - Liquidity risk management

Purpose: Provides information on the bank’s liquidity risk management framework which it considered relevant to the respective business model and liquidity risk profile, coupled with the organization and functions involved in the liquidity risk management.
Content: Qualitative and quantitative information
Frequency: Annual
Format: Flexible
Qualitative disclosure:

Liquidity and funding risk are defined as the current and prospective risks arising from the Group's inability to efficiently meet present and future funding needs or regulatory obligations when they are due, which may adversely affect the daily operations and may incur in unacceptable losses.

The funding strategy of the Group is centralized by the Group Treasury, with the exception of BIBD At' Tamwil where it is fully decentralized at entity level. Board is ultimately responsible for the liquidity and funding risk and in properly setting the risks tolerance and its oversight by the Asset-Liability Management Committee ("ALCO") which are held every month based on the governance assigned by the board.

Measurement and monitoring tools available for the liquidity and funding risk are in the form of liquidity metrics or KRI (but not limited to) such as maturity mismatch gap and funding concentration which are monitored on a daily basis and reported to the management on a monthly basis and to AFRC on a quarterly basis.

The liquidity risk management process, is performed and monitored by the Asset-Liability management unit which is within the Treasury & Global Markets Division ("TGM") which roles and responsibility includes (not limited to):

- Manages the Group's day-to-day liquidity position
- Monitoring all future cash flows to ensure that actual and future requirements can be met. This includes replenishment of funds as they mature or additional funding requirements;
- Monitoring the financial position and liquidity ratios against internal and regulatory requirements;
- Managing within the portfolio, the concentration and profile of the Islamic financings and investing exposures maturities; and
- Maintains a portfolio liquid asset (HQLA), Sukuks, money market placements with banks, to ensure that sufficient liquidity is maintained

To manage this risk, the Group seeks to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligation when due, under both normal and stressed conditions. The Group also seeks to ensure that it has an adequate level of stable funding from diversified sources as well as ample funding tenor, including the assessment of expected cashflow and maintain High-Quality Liquid Asset ("HQLA") as a liquidity buffer. In addition, the Group maintain the required statutory reserves with BDCB.

The Contingency Funding Plan ("CFP") is an important element of the bank's liquidity management, which can be activated in the event of a sudden run-off (or liquidity crisis) within the Group that may cause a disruption in the Group's funding or escalated liquidity requirements. Based on the CFP triggers, pre-defined actions (bank specific or market wide condition) are available and reviewed by senior management and board at least once a year or more if required.

Stress testing is a forward-looking risk management tool, which includes key assumptions or inputs into the Group activity related to risks identification, monitoring and assessment on top of the Business as Usual ("BAU") assumptions. The result of the stress test will determine if the Group has the right liquidity adequacy and to be recalibrated if required, with respect to its risk appetite, liquidity, funding risk assessment, contingency funding plan and recovery plan to support future decisions. Stress test scenarios are built up based on historical data related to funding sources and the market liquidity assessments in the event of an unforeseen interruption of cashflow.

C6: Credit Risk

CRA: General qualitative information about credit risk

Purpose: Describe the main characteristics and elements of credit risk management
Content: Qualitative information
Frequency: Annual
Format: Flexible

Qualitative disclosure:

Credit risk is the possibility of customers' or counterparties' to failed in meeting their contractual obligations when they fall due. These obligations arise from the Group's direct financing, trade finance and investments undertaken by the Group. The Group's exposure to credit risk is primarily from its financing activities to retail, corporate borrowers' (including small & medium enterprises), financial institutions and Investments.

The Group has adopted the Standardized Approach ("SA") (Basel) for measuring minimum capital requirement for credit risk.

To derived the Risk Weighted Assets ("RWAs"), outstanding exposure are netted from specific provisions as well as net application of eligible credit risk mitigants, and are multiplied by the specific risk weights based on the regulatory capital framework. Off-balance sheet exposures are converted into credit exposure equivalents ("CEE") through the use of specific Credit Conversion Factors (CCF). The result of the CEE is then multiplied by the specific risk weight to derived the RWAs.

Retail credit exposures are managed on a product program basis. Credit product program are assessed jointly between credit risk and business units. The Group use internal risk scoring models (application and Behavioral scorecard) for credit application, evaluation and approval. Reviews on credit program are conducted on a regular basis to assess the performance of the portfolio. For the retail credit limit, it is governed by the Total Debt Service Ratio ("TDSR") Notice No. BU/N-10/2017/45 – Amendment No. 1.

Non-retail credit risks are assessed by business units and evaluated/approved in accordance with the Group's Credit Risk Governance. Each borrower is assigned an inception credit rating, however, for non-retail credit which does not have any credit rating by External Credit Assessment Institution ("ECAI"), the Group assigned a proxy rating (S&P Methodology) based on the assessment of relevant qualitative and quantitative factors including a borrower's financial position, types of facilities and proposed securities or collateral. Group wide, a hierarchy of credit approving authorities and committee structures (governance) are in place to ensure an appropriate underwriting standard are consistently enforced within the Group.

Annual reviews are conducted with no more than 12 months from last implementation date or no more than 18 months from last approval/renewal date with updated information on borrower's financial position, market position, industry and economic condition coupled with the account conduct. Corrective actions are taken when there are signs of credit deterioration.

Credit risk is deliberated and reviewed at CRC which is held weekly, whereas credit risk reports or performance reports are also reported at CRC and quarterly to AFRC and senior management (Risk management deck).

To avoid concentration of credit risk in its financing and advances portfolio, the Group imposes limits and related lending guidelines related to:

- Country Limits
- Business segments;
- Single customer groups;
- Counterparties; and
- Collateral valuation.

The Group has established a dedicated team of Collections and Recovery to effectively manage vulnerable borrowers in the retail portfolio and a Special Asset Group for the corporate portfolio. Special attention is given to the close monitoring account and watchlist process, where all borrowers are frequently and intensively monitoring (weekly, monthly and quarterly) in order to accelerate the remedial action.

CR1: Credit quality of assets

Purpose: To 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

Narrative: Non-performing financings are classified based on the BDCB Regulatory definition of 90 days past-due, guided by the regulator's Prudential Treatment of problem assets and Accounting for Expected Credit Losses (Notice: BU/N-7/2018/57). Other Investment includes structured deposits, equity securities and unquoted fund. General allowance includes stage 1 (BND21.579mil) and stage 2 (BND2.022mil).

Note: Based on IFRS9 definition, any non-performing exposure will affect to all other facility. There are clients that have non-performing in the funded exposure and this impacted the unfunded portfolio.

Quantitative disclosure:

		(a)	(b)	(c)	(d)	(e)	(f)
		Gross carrying values of		Allowances / impairments	Of which: ECL accounting provisions for credit losses on SA exposure		Net values (a+b-c)
	Asset classes (BND'000)	Defaulted exposures	Non-defaulted exposures		Of which : Specific Allowance	Of which : General Allowance	
1	Financing	148,338	4,098,352	64,024	45,445	18,579	4,182,666
2	Sukuk Investment	-	1,069,148	4,597	-	4,597	1,064,551
3	Other Investment	-	137,231	107	-	107	137,124
4	Money Market Placement	-	3,173,101	84	-	84	3,173,017
5	Off-balance sheet exposures	1,993	756,235	256	6	250	757,972
6	Total	150,331	9,234,067	69,068	45,451	23,617	9,315,330

CR2: Changes in Stock of Defaulted Financing 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

Narrative: There is a recovery from non-performing status to performing status, which resulted in a lower non-performing portfolio compared to previous year.

Quantitative disclosure:

	Asset classes (BND'000)	(a)
1	**Defaulted financing and debt securities at end of the previous reporting period**	143,899
2	Financing and debt securities that have defaulted since the last reporting period	21,475
3	Returned to non-defaulted status	376
4	Amounts written off	(11,436)
5	Other changes	(5,976)
6	**Defaulted financing and debt securities at end of the reporting period (1+2-3-4+5)**	148,338

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

Qualitative disclosure:

A financial asset is considered as past due if any amount is due under a contract (profit, principal, fee or other amount) or has not been paid in full at the date when it was due. An exposure is considered past due from the first day of missed payment, even when the amount of the exposure of the past due amount, as applicable, is not considered material.

Whereas for credit-impaired is when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired, include observable data about the following events:

A. Significant financial difficulty of the issuer or the borrower;
B. A breach of contract, such as a default or past due event (more than 90 due past-due (DPD);
C. The restructuring of a financing or advance by the Group on terms that the Group would not consider otherwise;
D. It is becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
E. The disappearance of an active market for that financial asset because of financial difficulties

BIBD's provisioning calculation is based on the IFRS9 standards. IFRS9 considers the calculation of ECL by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The Group has developed methodologies and models taking into account the relative size, quality and complexity of the portfolios. These parameters are generally derived from internally developed statistical models and other historical data and are adjusted to reflect forward-looking information.

The portfolio staging is based on the IFRS9 methodology measured at amortized cost, which is divided into 3 stages (Stage 1, 2 and 3).

At origination, all obligors are graded as Stage 1, where there are no concerns on the credit performance. Additionally, all non-retail obligors which are classified as Stage 1, and required mandatory annual review. The provision to Stage 1 portfolio is calculated based on a 12-month expected credit loss.

Non-performing are classified based on the BDCD Regulatory definition of 90 days past due ("DPD"). Nevertheless, it is also possible that the financial asset can be non-performing even if the days due have not reach 90 days. The criteria is as follows: (1) Bankruptcy (initiated by other creditors), (2) Rated D, (3) Critical adverse findings about an obligor, (4) Partial write off & (5) Restructured obligors (due to financial difficulty) requiring 6 months cure period. Restructured accounts required a cure period of a continuous 6 months period.

Certain stress conditions which triggers Significant Increase in Credit Risk ("SICR") (examples: days past due >30 days and/or 4 notches downgrade obligor rating) if prompted, will cause the obligor to be moved to the next grade; i.e. Stage 2, where the probability of default is based on a lifetime expected loss (provision) calculation. For Retail risk, the staging will be based on days-past-due, i.e. Stage 2 (include Special mention and substandard under-performing).

If obligors (retail and non-retail) further deteriorate to days past due 90 days and above, the obligors will be migrated to Stage 3 (substandard non-performing, doubtful and Loss) and are reported as non-performing. Obligors whose stress remedy requires restructuring, are reported as non-performing even if days past due (based on restructured terms) is at Zero days. The cure period (removal from non-performing) requires 6 months continuous performance with no lapsed repayments under new terms.

Quantitative disclosures:

CRB1: Gross Credit Exposures by Geography as on 31st December 2021

Geographic Distribution (B$'000)	Brunei	Asia (ex-Brunei)	Global	Total
Cash and short-term deposit and placement with financial institution	1,188,534	1,257,089	1,999,565	4,445,188
Balance with BDCB	492,042	-	-	492,042
Investments	59,986	212,397	933,996	1,206,379
Financing and advances	3,709,374	85,837	451,479	4,246,690
Derivative financial assets	2,200	9,571	16,098	27,869
On-balance sheet total	**5,452,136**	**1,564,894**	**3,401,138**	**10,418,168**
Commitment and contingencies	391,303	2,030		393,333
Other Off- Balance Sheet exposures	228,953	130,381	5,561	364,895
Total Non-Funded	620,256	132,411	5,561	758,228
Total	6,072,392	1,697,305	3,406,699	11,176,396

CRB2: Impaired facilities and past due facilities by Geographic Distribution as on 31st December 2021

Geographic distribution (B$'000)	Brunei	Global (ex-Brunei)	Total
At 1 January 2021	167,892	-	167,892
Classified as impaired during the year	40,500	34,560	75,060
Reclassified as performing	(31,131)	-	(31,131)
Amount received	(51,970)	-	(51,970)
Amount written off against allowances	(11,513)	-	(11,513)
At 31 December 2021	113,778	34,560	148,338

CRB3: Movement in the allowance for losses on financing and advances

Movement in the allowance for losses on financing and advances (B$'000)	Total
At 1 January 2021	67,218
Allowance made during the year	8,319
Amount written off during the year	(11,513)
At 31 December 2021	64,024

CRB4: Net exposure by industry by major credit exposure as at 31st December 2021

Industry Segment (B$'000)	Cash and short-term and deposit and placement with financial institution	Balance with BDCB	Brunei Government Sukuks	Investments	Derivative financial assets	Financing and advances	Financing lease receivable	Other assets	On-balance sheet total	Commitment and contingencies
Agriculture	-	-	-	-	-	25,139	-	-	25,139	21,028
Financial	4,445,120	-	-	473,494	27,869	175,107	-	-	5,121,590	137,159
Manufacturing	-	-	-	5,711	-	67,386	-	-	73,097	5,983
Transportation	-	-	-	6,782	-	868,180	-	-	874,962	20,357
Infrastructure	-	-	-	131,325	-	21,618	-	-	152,943	46,093
Traders	-	-	-	-	-	95,819	-	-	95,819	31,608
Service	-	-	-	-	-	74,587	12,559	-	87,146	59,249
Residential Property (personal)	-	-	-	-	-	838,570	-	-	838,570	53,403
Commercial (property development)	-	-	-	51,301	-	395,663	-	-	446,964	17,418
Tourism	-	-	-	-	-	8,949	-	-	8,949	2,414
Telecommunication and Information technology	-	-	-	8,778	-	2,187	-	-	10,965	4,524
Personal and consumption financing	-	-	-	-	-	943,255	-	-	943,255	80,592
Oil and Gas	-	-	-	-	-	666,206	-	-	666,206	271,542
Others	-	492,042	59,986	381,816	-	-	-	40,013	973,857	
Total	4,445,120	492,042	59,986	1,059,207	27,869	4,182,666	12,559	40,013	10,319,462	751,370

CRB5: Net Credit Exposures by Residual Contractual Maturity as on 31st December 2021

Residual contractual maturity (B$'000)	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	3-6 months	6-12 months	1-3 years	3-5 years	Over 5 years	No specific maturity
Cash, balance and placements with banks	3,264,565	3,264,875	3,264,875	-	-	-	-	-	-
Balance with BDCB	492,042	492,042	381,555	34,522	68,272	7,610	-	83	-
Placement with and financing and advances to banks	1,180,555	1,186,936	595,662	205,372	385,902	-	-	-	-
Government Sukuks	59,986	60,000	50,000	-	10,000	-	-	-	-
Investments	1,140,915	1,224,925	126,102	34,995	34,182	384,595	438,764	126,765	79,522
Derivatives financial assets	27,869	28,580	26,012	2,278	290	-	-	-	-
Financing and advances	4,182,666	4,757,314	863,055	250,241	402,110	1,368,557	614,882	1,258,469	-
Finance lease receivable	12,559	27,780	180	180	360	1,480	1,560	24,020	-
Other assets	40,013	40,013	19,333	4,494	393	241	13,553	1,999	-
Grand Total	**10,401,170**	**11,082,465**	**5,326,774**	**532,082**	**901,509**	**1,762,483**	**1,068,759**	**1,411,336**	**79,522**

CRB6: Impaired financing/facilities and non-performing financing/facilities by Industry Segment as on 31st December 2021

Industry Segments (B$'000)	Overdue			Allowance for losses	Total impaired assets net of Provision	Other information
	Less than 90 days	90 days and above	Total			Write-offs
Retails	8,937	47,409	56,346	29,505	26,841	11,398
Non-Retail	44,527	47,465	91,992	15,940	76,052	115
Grand Total	**53,464**	**94,874**	**148,338**	**45,445**	**102,893**	**11,513**

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

Qualitative disclosure:

The Group employs a range of guidelines to mitigate credit risk. The main types of collateral obtained by the Group and the Group to mitigate credit risk are as follows:

- For programme lending – assignment of income;
- For mortgages – charges over residential properties;
- For auto financing – ownership claims over the vehicles financed;
- For commercial property financing – charges over the properties financed; and
- For other financing – charges over business assets such as premises, inventories, assignment of receivables or under lien deposits.

However, for capital adequacy purpose, only eligible collateral such as cash, gold, foreign government securities, and guarantees (Brunei Government, Foreign Government, Multilateral Development Bank ("MDB") and other Financial Institution outside of Brunei Darussalam), with the aim to reduce or transfer the credit risk.

CR3: Overview of credit risk mitigation (CRM) techniques

Purpose: Disclose the extent of use of CRM techniques

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

Frequency: Semi-Annual

Format: Fixed

Narrative: As per BDCB capital adequacy framework, BIBD uses Cash, foreign currencies and guarantees as eligible collateral for the purpose of credit risk mitigation.

Quantitative disclosure:

		(a)	(b)	(c)	(d)	(e)
	Asset classes (BND'000)	Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Financing	3,437,262	745,404	745,404	-	
2	Sukuk Investment	1,119,193	-	-	-	
3	Other investment	82,694	-	-	-	
4	Money Market Placement	2,739,011	434,005	-	434,005	
5	**Total**	**7,378,160**	**1,179,409**	**745,404**	**434,004**	
6	Of which defaulted	121,933	26,405	26,405	-	

CRD: Qualitative disclosure on banks' use of external credit ratings under the *standardized approach* for credit risk.

Purpose: Supplement the information on the bank's usage of the standardized approach with qualitative data on the use of external ratings.
Content: Qualitative information
Frequency: Annual
Format: Flexible
Qualitative disclosure
In accordance with the rules and principles laid down by the Basel Committee, BDCB has identified the following international external credit assessment institutions ("ECAI") rating agencies for risk weighting and for capital adequacy purposes as follows: • Moody's • Standard and Poor's ("S&P") • Fitch Rating Credit rating by ECAIs' on the counterparty (borrower) or specific securities issued by the counterparty (the issuer) are the basis for the determination of risk weights under the Standardised Approach for exposures to sovereigns, central banks, public sector entities, banks, corporates as well as certain other specific portfolios. With respect to exposures/obligors that have multiple ratings, the Group is complying with the guideline as stipulated in the Capital Adequacy Framework by BDCB. BIBD acknowledged that not all obligors (either locally or international) are rated by ECAI. As such, in order to be aligned to best practices, BIBD had subscribed and applied the proprietary credit scoring methodology by S&P to assess and determined the credit quality of the obligor and derived an implied/proxy rating. The scoring is based on the S&P nomenclature.

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CR4: SA for Credit risk exposure and credit risk mitigation (CRM) effects

Purpose: Illustrate the effect of CRM on a standardized approach capital requirements' calculations. The RWA density provides a synthetic metric on the riskiness of each portfolio.

Content: Regulatory exposure amounts.

Frequency: Semi-Annual.

Format: Fixed.

Narrative: There is no significant changes observed.

Quantitative disclosure:

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes (BND'000)	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	1,861,470	-	1,861,470	-	118,716	6.38%
2	Non-central government PSE	-	-	-	-	-	0.00%
3	Multilateral development banks	4,003	-	4,003	-	801	20.00%
4	Banks	3,930,462	248,041	3,496,441	248,041	1,471,274	39.29%
5	Securities firms	-	-	-	-	-	0.00%
6	Corporates	1,300,511	208,568	1,218,091	208,568	1,416,174	99.27%
7	Regulatory retail portfolios	1,646,883	45,551	1,604,554	9,156	1,202,700	74.53%
8	Secured by residential property	820,799	26,702	820,799	26,702	578,629	68.27%
9	Secured by commercial real estate	388,197	-	374,105	-	374,105	100.00%
10	Equity	665	-	665	-	997	150.00%
11	Non-performing financing	103,305	-	99,980	-	134,123	134.15%
12	Higher-risk categories	96,985	-	96,985	-	132,457	136.57%
13	Other assets	301,517	-	301,517	-	227,659	75.50%
14	**Total**	10,454,797	528,862	9,878,610	492,467	5,657,635	

CR5: SA for Exposures by asset classes and risk weights

Purpose: Present the breakdown of credit risk exposures under the standardized 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

Narrative: No Significant changed was observed.

Quantitative disclosure:

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Risk Weight→ Asset Classes (BND'000)↓	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	1,665,703	-	6,578	-	143,576	-	45,613	-	-	1,861,470
2	Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks (MDBs)	-	-	4,003	-	-	-	-	-	-	4,003
4	Banks	-	-	2,076,887	-	1,657,417	-	10,178	-	-	3,744,482
5	Securities firms	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	20,970	-	1,405,689	-	-	1,426,659
7	Regulatory retail portfolios	-	-	-	-	-	1,613,013	697	-	-	1,613,710
8	Secured by residential property	-	-	-	145,099	-	698,228	4,174	-	-	847,501
9	Secured by commercial real estate	-	-	-	-	-	-	374,105	-	-	374,105
10	Equity	-	-	-	-	-	-	-	665	-	665
11	Non-performing financing	-	-	-	-	-	54	18,508	81,418	-	99,980
12	Higher-risk categories	-	-	-	-	-	-	26,042	70,943	-	96,985
13	Other assets	73,859	-	-	-	-	-	227,658	-	-	301,517
	Total	1,739,562	-	2,087,468	145,099	1,821,963	2,311,295	2,112,664	153,026	-	10,371,077

C7: Counterparty Credit Risk (CCR)

CCRA: Qualitative disclosure related to CCR

Purpose: Describe the main characteristics of counterparty credit risk management
Content: Qualitative information
Frequency: Annual
Format: Flexible
Qualitative disclosure:

Counterparty Credit Risk ("CCR") is the risk that a counterparty to a transaction may default before completing the settlement period of the transaction. The objective of the CCR is to measure and quantify should a counterparty defaults before the value date, be sure that the economic loss has been considered. To date, this risk applies to FX transactions only (spot & outright).

CCR exposures are managed actively by capping the limit of counterparty and monitoring the credit rating of the counterparty on a monthly basis.

For the purpose of calculating the capital requirement, BIBD apply the standardized approach whereby the calculation of the CCR exposure is in two components: (1) Potential Future Exposure ("PFE") and (2)the Replacement Cost ("RC").

The Group calculate the PFE by multiplying the total notional principal amount of the foreign exchange contracts by the add on factor, which is split by residual maturity as follows: -

Residual Maturity	Add-on Factor
One year or less	2.0%
Over one year to five years	5.0%
Over five years	7.5%

The Group calculates the current RC of the contract by marking the contract to the market value (marked to market), thus capturing the replacement cost without the need for an estimation. BIBD then adds up the PFE and the RC to get the final current exposure of the CCR.

To manage the Wrong Way Risk ("WWR") exposure, in practice BIBD only deals with highly rated banks and transact with tenors of less than 1 year, effectively reducing the need of a collateral for the uncertainty should a counterparty defaulted.

C8: Securitisation

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 securitization activities.
Content: Qualitative information
Frequency: Annual
Format: Flexible
Qualitative disclosure:
Not applicable due to no securitizations in place.

C9: Market Risk

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
Qualitative disclosure:

Market risk is defined as the risk of loss to earnings or capital, resulting from the adverse movements in market prices, such as benchmark rates, foreign exchange rates, equity prices and commodity prices, with respect to the economic value of an asset.

As part of the market risk policy, a governance processes is applied to the market risk activities. This governance policy includes (not limited to):

- Monitoring a wide range of risk metrics appropriate for the respective trading activities - such as gross and net open currency positions, Sukuk price risk, Value-at-Risk (VaR) for Sukuk instruments and limits; and
- Independent valuation (marked-to-market) of financial instruments in the Trading Book and measurement of the market risk from the trading unit.

AFRC is ultimately responsible for the setting of risk limits/risk tolerance with appropriate strategies and provide oversight to Asset Liability Management Committee ("ALCO") for the monitoring, reporting, hedging and limits excesses' and escalation procedures given with the parameter setting. ALCO maintains the policy and procedures with regards to the market risk framework that are consistent and in-line with the short and long-term strategic goals and directions of the Board of Directors.

For capital adequacy purpose, the Group uses the Standardized Approach to calculate the regulatory capital requirements related to market risk (covering profit rates, equity, foreign exchange, and commodity). As of FY2021, the market risk exposed by BIBD is related to the profit rate risk and foreign exchange risk.

MR1: Market risk under standardized approach

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

		(a)
		RWA (BND'000)
1	Profit rate risk (general and specific)	71,015
2	Equity risk (general and specific)	-
3	Foreign exchange risk	1,894
4	Commodity risk	-
5	**Total**	**72,909**

C10: Profit Rate Risk in the Banking Book

PRRBBA: Profit Rate Risk in the Banking Book (PRRBB) risk management objective and policies

Purpose: Provide a description of the risk management objectives and policies concerning PRRBB.
Content: Qualitative and quantitative information
Frequency: Annual
Format: Flexible
Qualitative disclosure:

The Group is not significantly exposed to a repricing risk of its customer deposits since, in accordance with the Islamic Shariah principle of Wadiah and Wakalah, the Group does not provide a contractual rate of return to its depositors or investment account holders.

Profit rate risk arises from the possibility of movements within the profit rates that will affect future profitability, cashflows or the fair values of financial instruments. Profit Rate Risk in the Banking Book (PRRBB) is defined as the exposure of the non-trading financial instruments to market rates. The Group is exposed to profit rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that matures or are re-priced in a given period. The Group manages this risk through risk management strategies.

The Group's asset and liabilities profile can be characterized as a standard retail bank. Stress testing and sensitivity analysis are performed to assess the impact from changes in the yield curve. This exercise is done performed on a monthly basis in ALCO and reported to the AFRC on a quarterly basis.

Non-maturing deposit ("NMD") are analyzed based on statistical tools using the bank historical data of at least 10 years, to derive the core and non-core deposit monitored on a monthly basis. Whereas the assignment of the NMD tenor is based on the average life method of the accounts data of at least 10 years. Financing prepayment or early settlement are assumed to be negligible and not represent any significant impact to the repricing gap.

Quantitative disclosure:

The sensitivity of the consolidated statement of profit or loss is the effect of the respective changes in the profit rates on the net income for one year, based on the variable profit rate non-trading financial assets and financial liabilities held at 31 December 2021.

	Parallel shift in yield curve	Net Operating income Sensitivity	EVE
1	+50 basis point	BND5.50mil	(BND10.4mil)
2	-50 basis point	(BND5.05mil)	BND13.49mil
3	+100 basis point	BND11.00mil	(BND18.16mil)
4	-100 basis point	(BND11.00mil)	BND30.59mil

The above sensitivity matric is illustrative only and adopt simplified scenarios. The sensitivities do not incorporate actions that could be taken by management to mitigate the effect of the global interest rate movements.

Based on internal model, the average repricing maturity assigned to non-maturity deposit ("NMD") are 4 years and 5 years for current account and saving account respectively.

Based on the internal model of 10 years data, the longest repricing maturity assigned to NMD are 3.88 years and 4.47 years for current account and saving account respectively.

C11: Operational Risk

ORA: Qualitative disclosure requirements related to operational risk.

Content: Qualitative information
Frequency: Annual
Format: Flexible
Qualitative disclosure:
The Group is adopting the basic indicator approach (Basel) at present, in calculating the regulatory capital requirements for operational risk. The capital charge is calculated by applying a fixed 15% to the average of positive gross income from the recent three years, which complied with AMBD Capital Adequacy Framework February 2019 (version 1.1) (Reference AMBD/R/BAS/SP/04). According to Basel; Operational risks defined as the risk of loss resulting from inadequate, or failed from people, internal process, systems or external events. For the Group, operational risks are systematically identified at the Group-Wide level (all Division and subsidiaries). All divisions as 1st LoD, including subsidiaries have appointed their respective Risk Coordinators ("RC") and to date, there are a total of 74 Risk Coordinators Group Wide Level. The role and responsibilities of an RCs, is to conduct and self-identify their own risk/control analysis and monitoring its control effectiveness respectively. This also includes reporting any risk events/incidents to ORM for their ongoing escalation to Senior Management and Executive Committees' information. This also includes the identification of its root-cause analysis, its preventive mitigation measures and to record the actual operational losses (if any). ORM, as the 2nd LOD, will oversight on the 1st LOD's risk activities to ensure a sound, robust and effective risk management approach in place. The Group classifies Operational Risk with the following risk types; (1)People (2) Process (3) System and (4) External. Operational risk exposures are rated 'high', 'medium' or 'low' in accordance with the risk assessment matrix criteria. Identified risks are captured/recorded in the Group-Wide Risk Appetite Statement ('RAS') and Key Risk Indicators ("KRI") by 1st LOD on a monthly basis and monitored/oversight by ORM as 2nd LOD. The ERM Committee oversees the management of the Bank's Risk Taxonomy, inclusive the operational support of all business unit. The ERM Committee operates based on the terms of reference derived from the Enterprise Risk Management Framework, which is an enterprise risk approach in managing all risk types from the Risk Taxonomy (19 risk classifications); that can impact on the Group's capabilities to achieve its strategic goals and business objectives. This will allow the Management to understand the risk profiles in order to keep adequate risk controls and respective mitigants up to the BIBD Group's risk appetite acceptable statement as approved by the BOD.