



Pillar 3 – PUBLIC DISCLOSURES

UNAUDITED AS OF JUNE 30, 2023

Table of Contents

Table of Contents

Table of Contents.....	1
1. Overview and Introduction.....	2
1.1 Basel Regulatory Framework.....	2
Scope of Application.....	2
C1: Overview of key prudential metrics and Risk Weighted Assets(“RWA”).....	3
KM1: Key Metrics.....	3
OV1: Overview of Risk Weighted Assets (RWA).....	3
C2: Composition of Capital.....	4
CC1: Composition of regulatory capital.....	4
C6: Credit Risk.....	5
CR1: Credit quality of assets.....	5
CR2: Changes in Stock of Defaulted Financing and Debt Securities.....	5
CR3: Overview of Credit Risk Mitigation (CRM) techniques.....	6
CR4: Standardised approach for Credit risk exposure and Credit Risk Mitigation (CRM) effects.....	7
CR5: Standardised approach for Exposures by asset classes and risk weights.....	8
C9: Market Risk.....	9
MR1: Market risk under standardized approach.....	9

1. Overview and Introduction

The Bank 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.

1.1 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 Banks’ own regulatory fund;
- **Pillar II** - addresses a Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”) for assessing 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** - complements the other two pillars and focuses on 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.

Scope of Application

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

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

C1: Overview of key prudential metrics and Risk Weighted Assets (“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: There is an increase of the RWA are due to increase in exposure in Corporates.						
Quantitative disclosure:						
		T	T-1	T-2	T-3	T-4
		30-Jun-23	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22
Available capital (BND'000)						
1	Tier 1 (adjusted)	1,281,337	1,280,118	1,276,146	1,182,599	1,255,796
2	Total Capital	1,291,957	1,291,679	1,287,185	1,200,377	1,274,092
Total risk-weighted assets (RWA)						
3	Total risk-weighted assets (RWA)	7,262,122	6,882,040	6,932,782	6,937,085	6,388,496
Tier 1 ratio (%)						
4	Tier 1 ratio (%)	17.6%	18.6%	18.4%	17.0%	19.7%
Total capital ratio (%)						
5	Total capital ratio (%)	17.8%	18.8%	18.6%	17.3%	19.9%

OV1: Overview of Risk Weighted Assets (RWA)

Purpose: To provide an overview of total RWA and further breakdowns of RWA.				
Frequency: Quarterly				
Format: Fixed				
Narrative: There is an increase in the credit risk RWA due to reallocation from Claims on Banks to Corporates.				
Quantitative disclosure:				
		(a)	(b)	(c)
		RWA (BND'000)		Minimum capital requirements
		30-Jun-23	31-Mar-23	30-Jun-23
1	Credit Risk (Standardised)	6,642,280	6,262,796	664,228
2	Market Risk (Standardised)	1,776	1,177	177
3	Operational risk (Basic Indicator Approach)	618,066	618,066	61,807
4	Total	7,262,122	6,882,039	726,212

BIBD – Pillar 3 – PUBLIC DISCLOSURE

C2: Composition of Capital

CC1: Composition of regulatory capital

Purpose: To 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		
Narrative: General credit loss reserved only include stage 1.		
Quantitative disclosure:		
Item (BND'000)	Amount	
Tier 1 Capital : instruments and reserves		
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	581,819
5	Published Retained Profits/(Accumulated Losses)	234,612
6	General Reserves	5,420
7	Fair Value Reserves	(29,331)
8	Tier 1 capital before regulatory adjustments	1,299,845
Tier 1 Capital: regulatory adjustments		
9	Reciprocal cross-holdings of ordinary shares (as required by BDCB)	-
10	Goodwill	-
11	Other intangible assets	(14,968)
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	-
13.1	Others	(3,540)
14	Total Regulatory adjustments to Tier 1 Capital	(3,540)
15	Tier 1 capital (adjusted)	1,281,337
Tier 2 capital: instruments and provisions		
16	General Credit Loss Reserves (Capped at 1.25% of Credit Risk)	14,160
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	14,160
Tier 2 capital: regulatory adjustments		
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)	14,160
24	Allowable Supplementary Capital (Tier 2 Capital)	0
25	Sub-Total of Tier 1 and Tier 2 Capital	1,295,497
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)	1,291,957
33	Total risk-weighted assets	7,262,122
Capital ratios		
34	Tier 1 (as a percentage of risk-weighted assets)	17.6%
35	Total capital (as a percentage of risk-weighted assets)	17.8%

BIBD – Pillar 3 – PUBLIC DISCLOSURE

C6: Credit Risk

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 Structure deposit and equity securities. General allowance includes stage 1 (BND14.16mil) and stage 2 (BND2.07mil).							
Note: Based on IFRS9 definition, any non-performing exposure will affect all other facilities. There are clients that have non-performing in the funded exposure, thus 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	102,730	4,502,213	45,103	30,150	14,953	4,559,840
2	Sukuk Investment	-	1,310,576	758	-	758	1,309,818
3	Other Investment	-	128,083	35	-	35	128,048
4	Money Market Placement	-	3,065,412	226	-	226	3,065,186
5	Off-balance sheet exposures	71	1,103,807	265	9	256	1,103,613
6	Total	102,801	10,110,091	46,387	30,158	16,228	10,166,504

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 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	134,576
2	Financing and debt securities that have defaulted since the last reporting period	(24,724)
3	Returned to non-defaulted status	(1,608)
4	Amounts written off	-
5	Other changes	(5,514)
6	Defaulted financing and debt securities at end of the reporting period (1+2-3-4+5)	102,730

BIBD – Pillar 3 – PUBLIC DISCLOSURE

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, for the purpose of credit risk mitigation, BIBD uses Cash, foreign currencies and guarantees.						
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	3,591,877	967,964	967,964	-	-
2	Sukuk Investment	1,309,818	-	-	-	-
3	Other investment	128,047	-	-	-	-
4	Money Market Placement	2,499,796	565,390	-	565,390	-
5	Total	7,529,537	1,533,354	967,964	565,390	-
6	Of which defaulted	41,274	31,306	31,306	-	-

-the rest of the page is intentionally leave blank-

BIBD – Pillar 3 – PUBLIC DISCLOSURE

CR4: Standardised approach for Credit risk exposure and Credit Risk Mitigation (CRM) effects

Purpose: Illustrate the effect of CRM on standardized 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.							
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	1,158,421	1,098	1,158,421	1,098	159,267	14%
2	Non-central government public sector entities		-	-	-	-	-
3	Multilateral development banks		-	-	-	-	-
4	Banks	4,203,741	240,591	3,638,351	240,591	1,751,299	45%
5	Securities firms	-	-	-	-	-	-
6	Corporates	1,455,830	398,539	1,369,315	398,539	1,713,244	97%
7	Regulatory retail portfolios	1,683,071	53,764	1,612,678	10,306	1,220,688	75%
8	Secured by residential property	886,127	35,407	886,127	35,407	627,533	68%
9	Secured by commercial real estate	528,844	-	503,670	-	503,670	100%
10	Equity	1,453	-	1,453	-	2,179	150%
11	Non-performing financing	72,099	-	66,257	-	93,804	142%
12	Higher-risk categories	57,021	-	57,021	-	73,285	129%
13	Other assets	554,088	-	554,088	-	497,311	90%
14	Total	10,600,695	729,399	9,847,381	685,941	6,642,280	63%

BIBD – Pillar 3 – PUBLIC DISCLOSURE

CR5: Standardised approach 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:											
	Risk Weight→ Asset Classes (BND'000)↓	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
		0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	917,444	-	55,491	-	76,831	-	109,753	-	-	1,159,519
2	Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
4	Banks	-	-	1,573,845	-	2,302,525	-	2,572	-	-	3,878,942
5	Securities firms	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	109,222	-	1,658,633	-	-	1,767,855
7	Regulatory retail portfolios	-	-	-	-	-	1,626,247	(3,263)	-	-	1,622,984
8	Secured by residential property	-	-	-	160,562	-	758,539	2,432	-	-	921,533
9	Secured by commercial real estate	-	-	-	-	-	-	503,670	-	-	503,670
10	Equity	-	-	-	-	-	-	-	1,453	-	1,453
11	Non-performing financing	-	-	-	-	-	-	12,614	53,642	-	66,256
12	Higher-risk categories	-	-	-	-	-	-	24,494	32,527	-	57,021
13	Other assets	-	-	-	-	-	-	554,088	-	-	554,088
	Total	917,444	-	1,629,336	160,562	2,488,578	2,384,786	2,864,993	87,623	-	10,533,321

C9: Market Risk

MR1: Market risk under standardized approach

Purpose: To provide the components of the capital charge under the <i>Standardised Approach</i> for market risk.		
Content: RWA		
Frequency: Semi-Annual		
Format: Fixed		
Quantitative disclosure:		
		(a)
		RWA (BND'000)
1	Profit rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	1,775
4	Commodity risk	-
5	Total	1,775