

Malayan Banking Berhad

Brunei Darussalam Branch

Basel II Pillar 3 Disclosure

As at 30 June 2020

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Malayan Banking Berhad - Brunei Darussalam Branch

Basel II Pillar 3 Disclosure

I. OVERVIEW

The Pillar 3 Disclosure for the financial year ended 30 June 2020 for Malayan Banking Berhad - Brunei Darussalam Branch (“Maybank” or the “Branch”) is in accordance with Autoriti Monetari Brunei Darussalam Branch’s (“AMBD”) Guidelines on Pillar 3 Public Disclosure Requirements, which are the equivalent of that issued by the Basel Committee on Banking Supervision (“BCBS”) entitled International Convergence of Capital Measurement and Capital Standards (commonly referred to as Basel II).

Following the methodology employed by the Malayan Banking Berhad (“Head Office” or the “Group”), the Branch adopts the following approaches in determining the capital requirements of Pillar 1 in accordance with AMBD’s Guidelines on Capital Adequacy Framework (Basel II - Risk-Weighted Assets):

- Credit Risk -Standardised Approach (“SA”) and will migrate to the Internal Ratings-Based (“IRB”) approaches progressively.
- Market Risk - Standardised Approach (“SA”).
- Operational Risk - Basic Indicator Approach (“BIA”).

LOCATION OF DISCLOSURE

The Pillar 3 Disclosure will be made available to the public upon request via hard copy or electronically.

II. CREDIT RISK RELATED DISCLOSURES

Table 1: Disclosure on Credit Risk Exposure - Geographical Analysis for the Branch

Exposure Class	Brunei (BND'000)	Singapore (BND'000)	Total (BND'000)
As at 30 June 2020			
Bank, Development Financial Institutions & Multilateral Development Banks	602	205,205	205,807
Corporates	102,037	-	102,037
Regulatory Retail	89,554	-	89,554
Residential Mortgages	3,105	-	3,105
Total	195,298	205,205	400,503

Table 2: Disclosure on Credit Risk Exposure - Industry Analysis for the Branch

Exposure Class	Agriculture BND'000	Manufacturing BND'000	Construction BND'000	Wholesale, Retail Trade, Restaurants & Hotels BND'000	Finance, Insurance, Real Estate & Business BND'000	Transport, Storage & Communication BND'000	Education, Health & Others BND'000	Household BND'000	Total BND'000
Bank, Development Financial Institutions & Multilateral Development Banks					552		50		602
Corporates	3,228	4,689	28,442	53,477	1,070	249	10,548	334	102,037
Regulatory Retail			17,707	770			2,443	68,634	89,554
Residential Mortgages								3,105	3,105
Total	3,228	4,689	46,149	54,247	1,622	249	13,041	72,073	195,298*

**The above amount excludes cash and short-term funds*

Table 3: Disclosure on Credit Risk Exposure - Maturity Analysis for the Branch

Exposure Class	One year or less BND'000	Over one year to five years BND'000	Over five years BND'000	Total BND'000
As at 30 June 2020				
Bank, Development Financial Institutions & Multilateral Development Banks	191,495	14,312	-	205,807
Corporate	13,801	68,356	19,880	102,037
Regulatory Retail	1,047	11,678	76,829	89,554
Residential Mortgages	1,683	-	1,422	3,105
Total	208,026	94,346	98,131	400,503

Table 4: Impaired and Past Due Loans, Advances and Financing and Allowances - Industry Analysis for the Branch

	Impaired Loans, Advances and Financing BND'000	Past Due Loans BND'000	ECL BND'000
As at June 2020			
Agriculture			18
Manufacturing			18
Construction	6,643	2,906	3,665
Wholesale, retail trade, restaurants & hotels	747	769	1,269
Finance, insurance, real estate & business			6
Transport, storage & communication			1
Education, health & others	174	118	235
Household	15,601	4,540	5,132
Others			
Total	23,165	8,333	10,344

Table 5: Disclosure on the changes in the loss allowances for loans and advances

BND'000	Stage 1	Stage 2	Stage 3	Total
At 1 January 2020	1,163	1,133	8,479	10,775
New financial assets originated or purchased	46	-	-	46
Financial assets derecognized	(31)	-	(1)	(32)
Changes due to change in credit risk	(41)	877	824	1,660
Amount written-off/realised	-	-	(1,940)	(1,940)
Changes due to update in methodology	(38)	(72)	-	(110)
Other Adjustments	(6)	(142)	93	(55)
Total	1,093	1,796	7,455	10,344

Table 6: Disclosure on Credit Risk Mitigation Analysis for the Branch

Exposure Class	Exposures before CRM BND'000	Exposures Covered by Guarantees/ Credit Derivatives BND'000	Exposures Covered by Eligible Financial Collateral BND'000	Exposures Covered by Other Eligible Collateral BND'000
As at 30 June 2020				
On-Balance Sheet Exposures				
Banks, Development Financial Institutions & MDBs	205,205	-	-	-
Corporates	88,785	-	6,934	23,827
Regulatory Retail	89,553	-	256	78,786
Residential Mortgages	3,105	-	-	3,105
Total On-Balance Sheet Exposures	386,648	-	7,190	105,719
Off-Balance Sheet Exposures				
Banks, Development Financial Institutions & MDBs	602	-	-	-
Corporates	13,252	-	350	-
Regulatory Retail	1	-	1	-
Total for Off-Balance Sheet Exposures	13,855	-	351	-
Total On and Off-Balance Sheet Exposures	400,503	-	7,541	105,719

III. MARKET RISK

FOREIGN EXCHANGE RISK

Table 7 shows a summary of quantitative data about the Branch's net exposure to major foreign currencies.

Table 7: Branch's net exposure to major foreign currencies

	GBP	USD	Others	Total
As at 30 June 20				
Financial assets				
Group balances receivable	46	1,423	69	1,538
Financial liabilities				
Group balances payable	-	-	12	12

INTEREST RATE RISK

Table 8: Interest rate profile of the Branch's interest-bearing financial instruments as at 30 June 2020

	2020
	BND '000
Fixed-rate assets	223,259
Floating-rate assets	173,068
Fixed-rate liabilities	(306,176)
	90,151

Certification

We certify that the above statements give a true and fair view of the Pillar 3 Disclosure of the Brunei Operations of Malayan Banking Berhad (“the branch”) as at 30 June 2020.

A handwritten signature in blue ink that reads "Sulaiman bin Isa". The signature is written in a cursive style and is underlined with a horizontal line.

Sulaiman bin Isa
General Manager

A handwritten signature in blue ink that reads "Noor Hajirah Saban". The signature is written in a cursive style and is underlined with a horizontal line.

Noor Hajirah Saban
Head, Finance & Strategy