



Humanising Financial Services.

**Pillar 3 Disclosure
For Half Year Ended 30 June 2022
Malayan Banking Berhad, Brunei Branch**

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1. OVERVIEW

The Pillar 3 Disclosures for the half year ended 30 June 2022 for Malayan Banking Berhad - Brunei Darussalam Branch (“Maybank” or the “Branch”) are in accordance with Brunei Darussalam Central Bank (“BDCB”) Notice on Pillar 3 - Public Disclosure Requirements as specified in BDCB Notice No. BU/N-1/2021/68.

2. ATTESTATION STATEMENT

The Pillar 3 Disclosure as at 30 June 2022 has been prepared in accordance with the internal control process endorsed by the management of Malayan Banking Berhad, Brunei Branch.



Bobby Sia Hui Hin
Head, Business Banking
29 September 2022



Noor Hajirah Saban
Head, Finance
29 September 2022

3. OVERVIEW OF KEY PRUDENTIAL METRICS AND RWA

3.1 Key Metrics

The below table present the key prudential metrics for the current quarter and the 4 previous quarter ends.

B\$'000	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21
Available capital (amounts)					
Tier 1	70,724	69,780	70,724	65,081	65,298
Total capital	72,721	71,684	72,533	67,239	67,569
Risk-weighted assets (amounts)					
Total risk-weighted assets (RWA)	262,285	261,525	271,625	278,719	275,244
Risk-based capital ratios as a percentage of RWA					
Tier 1 ratio (%)	26.96	26.68	26.04	23.39	23.72
Total capital ratio (%)	27.73	27.41	26.70	24.17	24.55

Tier 1 ratio and total capital ratio remain well above the minimum requirement of 5% and 10% respectively as stipulated in BDCB guideline under Notice BU/N-3/2017/38.

3.2 Overview of Risk Weighted Assets

The below present the breakdown of the RWA for the current quarter and previous quarter ends and the capital requirements for the current quarter RWA.

Table 2: Overview of Risk Weighted Assets

B\$'000	RWA		Minimum capital requirements
	Jun-22	Mar-22	Jun-22
Credit Risk (Standardised)	240,830	239,757	24,083
Market Risk (Standardised)	161	474	16
Operational Risk (Basic Indicator Approach)	21,294	21,294	2,129
Total	262,285	261,525	26,229

4. COMPOSITION OF CAPITAL

4.1 Composition of Regulatory Capital as of 30th June 2022

	B\$'000
Tier 1 capital: instruments and reserves	
Paid-up Ordinary Shares/Assigned Capital (after deduction of holdings of own capital)	30,000
Non-Cumulative, Non-Redeemable Preference Shares	-
Share Premium	-
Statutory Reserve Fund	17,503
Published Retained Profits/ (Accumulated Losses)	21,924
General Reserves	1,297
Fair Value Reserves	-
Tier 1 capital before regulatory adjustments	70,724
Tier 1 capital: regulatory adjustments	
Reciprocal cross-holdings of ordinary shares (as required by AMBD)	-
Goodwill	-
Other intangible assets	-
Advances/financing granted to employees of the bank for the purchase of shares of the bank under a share ownership plan	-
Minority Interests held by 3rd parties in Financial Subsidiary	-
Total Regulatory adjustments to Tier 1 Capital	-
Tier 1 capital	70,724
Tier 2 capital: instruments and provisions	
General Credit Loss Reserves (Capped at 1.25% of Credit Risk)	1,997
<i>Hybrid (debt/equity) Capital Instruments</i>	-
Approved Subordinated Term Debt (Capped at 50% of Core Capital Element)	-
Tier 2 capital before regulatory adjustments	1,997
Tier 2 capital: regulatory adjustments	
Reciprocal Crossholdings of Tier 2 Capital Instruments	-
Minority Interests Arising from Holdings of Tier 2 Instruments in Financial Subsidiaries by 3 rd Parties	-
Total regulatory adjustments to Tier 2 capital	-
Tier 2 capital (T2)	1,997
Allowable Supplementary Capital (Tier 2 Capital)	1,997
Sub-Total of Tier 1 and Tier 2 Capital	72,721
Deductions/Adjustments 3 to total Amount of Tier 1 and Tier 2 capital	-
Significant Investments in Banking, Securities and Other Financial Entities	-
Significant Investments in Insurance Entities & Subsidiary	-
Significant Investments in Commercial Entities	-
Securitisation Exposures (Rated B+ or Below and Unrated)	-
Resecuritisation Exposures (Rated B+ or Below and Unrated)	-
Total regulatory capital (TC = T1 + T2)	72,721
Total risk-weighted assets	262,285
Capital ratios	
Tier 1 (as a percentage of risk-weighted assets)	26.96%
Total capital (as a percentage of risk-weighted assets)	27.73%

5. CREDIT RISK

5.1 Credit Quality of Assets

Maybank Brunei considers a financial instrument as default when the following occurs:

- Borrower is past due for more than 90 days either for principal or interest or both.
- Borrower exhibit an increase in their credit risk.

Both qualitative and quantitative assessment are being taken into account in identifying the likelihood of borrower's ability to pay. The assessment may differ from borrower to borrower depending on their credit risk.

The below table provide details on the credit quality of the branch's on- and off- balance sheet assets as of 30th June 2022.

B\$'000	Gross carrying values of		Allowances / impairments	Of which: ECL accounting provisions for credit losses on SA exposures		Net values
	Defaulted exposures	Non-defaulted exposures		Of which: Specific Allowances	Of which: General Allowances	
Loans	12,269	152,864	(6,087)	(4,173)	(1,914)	159,046
Debt Securities	-	12,973	-	-	-	12,973
Off-balance sheet exposures	-	60,265	(84)	-	(84)	60,181
Total	12,269	226,102	(6,171)	(4,173)	(1,998)	232,200

5.2 Changes in Stock of Defaulted Loans and Debt Securities

The below table present the changes in the branch's stock of defaulted exposures. Reductions in the stock of defaulted exposures as of 30th June 2022 is mainly due to write-offs.

	B\$'000
Defaulted loans and debt securities at 31 December 2021	19,759
Loans and debt securities that have defaulted since 31 December 2021	327
Returned to non-defaulted status	0
Amounts written off	(6,575)
Other changes	(1,242)
Defaulted loans and debt securities at 30 June 2022	12,269

5.3 Overview of Credit Risk Mitigation (CRM) Technique

The below table present the overview of credit risk management technique as of 30th June 2022.

B\$'000	Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Loans	40,346	118,700	103,790	-	-
Debt securities	12,973	-	-	-	-
Total	53,319	118,700	103,790	-	-
Of which defaulted	8	8,088	8,088	-	-

5.4 Standardised Approach - Credit Risk Exposure and Credit Risk Mitigation (CRM) effects

The below table present the standardized approach for credit risk exposure and credit risk mitigation effects as of 30th June 2022.

B\$'000	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Sovereigns and their central banks	53,187	-	53,187	-	-	0.0%
Non-central government public sector entities	-	-	-	-	-	0.0%
Multilateral development banks	-	-	-	-	-	0.0%
Banks	181,950	-	181,950	-	77,948	42.8%
Securities firms	-	-	-	-	-	0.0%
Corporates	70,428	55,252	70,428	10,681	81,109	100.0%
Regulatory retail portfolios	1,938	2,050	1,938	-	1,453	75.0%
Secured by residential property	41,116	129	41,116	64	30,721	74.6%
Secured by commercial real estate	37,501	2,834	37,501	1,417	38,918	100.0%
Equity	-	-	-	-	-	0.0%
Past-due loans	8,096	-	8,096	-	8,096	100.0%
Higher-risk categories	-	-	-	-	-	0.0%
Other assets	6,385	-	6,385	-	2,585	40.5%
Total	400,601	60,265	400,601	12,162	240,830	58.3%

5.5 Standardised Approach - Exposures by Asset Classes and Risk Weights

The below table present the standardised approach for exposures by asset classes and risk weights as at 30th June 2022.

Asset classes	Risk Weights										Total credit exposures amount (post CCF and post-CRM)
	0%	10%	20%	35%	50%	75%	100%	150%	Others		
Sovereigns and their central banks	53,187	-	-	-	-	-	-	-	-	-	53,187
Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-	-
Banks	-	-	43,424	-	138,526	-	-	-	-	-	181,950
Securities firms	-	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	81,109	-	-	-	81,109
Regulatory retail portfolios	-	-	-	-	-	1,938	-	-	-	-	1,938
Secured by residential property	-	-	-	1,464	-	38,029	1,687	-	-	-	41,180
Secured by commercial real estate	-	-	-	-	-	-	38,918	-	-	-	38,918
Equity	-	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	8,096	-	-	-	8,096
Higher-risk categories	-	-	-	-	-	-	-	-	-	-	-
Other assets	3,800	-	-	-	-	-	2,585	-	-	-	6,385
Total	56,987	-	43,424	1,464	138,526	39,967	132,395	-	-	-	412,763

6. MARKET RISK

6.1 Market Risk under the Standardised Approach

The below table present the market risk under standardized approach as at 30th June 2022.

B\$'000	RWA
Interest/Profit rate risk (general and specific)	-
Equity risk (general and specific)	-
Foreign exchange risk	161
Commodity risk	-
Total	161