

# PILLAR 3 DISCLOSURE

UNAUDITED AS AT JUNE 30, 2024

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## 1 SCOPE OF APPLICATION

The Pillar 3 Disclosure is prepared on a bank solo as well as on a consolidated basis of the Group, i.e. the Bank ("Baiduri Bank Sdn Bhd") and its subsidiaries ("Baiduri Finance Berhad" & "Baiduri Capital Sdn Bhd"). The financial statements of the Bank and the Group have been prepared in accordance with the Brunei Darussalam Companies Act, Chapter. 39, the Brunei Darussalam Banking Order, 2006 and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

## 2 OVERVIEW OF KEY PRUDENTIAL METRICS AND RWA

### 2.1 Key Metrics

	<b>Bank</b>	<b>Jun 2024 B\$'000</b>	<b>Mar 2024 B\$'000</b>	<b>Dec 2023 B\$'000</b>	<b>Sep 2023 B\$'000</b>	<b>Jun 2023 B\$'000</b>
	<b><u>Available capital</u></b>					
1	Tier 1	575,974	574,857	573,716	531,080	525,604
2	Total Capital	539,569	542,014	537,832	496,577	491,478
	<b><u>Risk-weighted assets</u></b>					
3	Total risk-weighted assets (RWA)	2,453,064	2,363,309	2,416,933	2,292,672	2,309,211
	<b><u>Risk-based capital ratios as a percentage of RWA</u></b>					
4	Tier 1 ratio (%)	23.48%	24.32%	23.74%	23.16%	22.76%
5	Total capital ratio (%)	22.00%	22.93%	22.25%	21.66%	21.28%
	<b>Group</b>	<b>Jun 2024 B\$'000</b>	<b>Mar 2024 B\$'000</b>	<b>Dec 2023 B\$'000</b>	<b>Sep 2023 B\$'000</b>	<b>Jun 2023 B\$'000</b>
	<b><u>Available capital</u></b>					
1	Tier 1	688,638	687,241	685,838	639,807	634,012
2	Total Capital	710,407	713,291	703,749	664,684	657,555
	<b><u>Risk-weighted assets</u></b>					
3	Total risk-weighted assets (RWA)	3,172,294	3,078,154	3,127,858	2,998,516	3,067,633
	<b><u>Risk-based capital ratios as a percentage of RWA</u></b>					
4	Tier 1 ratio (%)	21.71%	22.33%	21.93%	21.34%	20.67%
5	Total capital ratio (%)	22.39%	23.17%	22.50%	22.17%	21.44%

### 2.2 Overview of Risk Weighted Assets (RWA)

	<b>Risk-weighted Assets</b>		<b>Minimum Capital Requirements</b>	
	<b>Jun 2024 B\$'000</b>	<b>Mar 2024 B\$'000</b>	<b>B\$'000</b>	
	<b>Bank</b>			
1	Credit risk (Standardised)	2,154,919	2,064,627	215,492
2	Market risk (Standardised)	4,896	5,433	490
3	Operational risk (Basic indicator Approach)	293,249	293,249	29,325
4	<b>Total</b>	<b>2,453,064</b>	<b>2,363,309</b>	<b>245,306</b>
	<b>Group</b>			
1	Credit risk (Standardised)	2,808,623	2,713,933	280,862
2	Market risk (Standardised)	4,810	5,361	481
3	Operational risk (Basic indicator Approach)	358,861	358,860	35,886
4	<b>Total</b>	<b>3,172,294</b>	<b>3,078,154</b>	<b>317,229</b>

### 3 COMPOSITION OF CAPITAL

#### 3.1 Composition of Regulatory Capital as at Jun 30, 2024

	Bank	Group
	B\$'000	B\$'000
<b>Tier 1 capital: Instruments and reserves</b>	<b>575,974</b>	<b>688,638</b>
1 Paid-up Ordinary Shares/Assigned Capital (after deduction of holdings of own capital)	180,000	180,000
2 Non-Cumulative, Non-Redeemable Preference Shares	-	-
3 Share Premium	-	-
4 Statutory Reserve Fund	199,895	249,282
5 Published Retained Profits/(Accumulated Losses)	190,925	254,202
6 General Reserves	5,154	5,154
7 Fair Value Reserves	-	-
8 <b>Tier 1 capital before regulatory adjustments</b>	<b>575,974</b>	<b>688,638</b>
<b>Tier 1 capital: regulatory adjustments</b>	<b>-</b>	<b>-</b>
9 Reciprocal crossholdings 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 3 <sup>rd</sup> parties in Financial Subsidiary	-	-
14 <b>Total Regulatory adjustments to Tier 1 Capital</b>	<b>-</b>	<b>-</b>
15 <b>Tier 1 capital</b>	<b>-</b>	<b>-</b>
<b>Tier 2 capital: instruments and provisions</b>	<b>11,544</b>	<b>21,769</b>
16 General Credit Loss Reserves (Capped at 1.25% of Credit Risk)	11,544	21,769
17 Hybrid (debt/equity) Capital Instruments	-	-
18 Approved Subordinated Term Debt (Capped at 50% of Core Capital Element)	-	-
19 <b>Tier 2 capital before regulatory adjustments</b>	<b>-</b>	<b>-</b>
<b>Tier 2 capital: regulatory adjustments</b>	<b>-</b>	<b>-</b>
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 <b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	<b>-</b>
23 <b>Tier 2 capital (T2)</b>	<b>11,544</b>	<b>21,769</b>
24 <b>Allowable Supplementary Capital (Tier 2 Capital)</b>	<b>11,544</b>	<b>21,769</b>
25 <b>Sub-Total of Tier 1 and Tier 2 Capital</b>	<b>587,518</b>	<b>710,407</b>
26 <b>Deductions/Adjustments 3 to total Amount of Tier 1 and Tier 2 Capital</b>	<b>47,949</b>	<b>-</b>
27 Significant Investments in Banking, Securities and other Financial Entities	-	-
28 Significant Investments in Insurance, Entities & Subsidiary	47,949	-
29 Significant Investments in Commercial Entities	-	-
30 Securitisation Exposures (Rated B or Below and Unrated)	-	-
31 Re-securitisation Exposures (Rated B+ or Below and Unrated)	-	-
32 <b>Total regulatory capital (TC = T1 + T2)</b>	<b>539,569</b>	<b>710,407</b>
33 <b>Total risk-weighted assets</b>	<b>2,453,064</b>	<b>3,172,294</b>
<b>Capital ratios</b>		
34 <b>Tier 1 (as a percentage of risk-weighted assets)</b>	<b>23.48%</b>	<b>21.71%</b>
35 <b>Total capital (as a percentage of risk-weighted assets)</b>	<b>22.00%</b>	<b>22.39%</b>

## 4 CREDIT RISK

### 4.1 Credit Quality of Assets

	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		
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	
<b>Bank as at Jun 30, 2024</b>							
1	Loans	73,917	1,453,685	(41,430)	(30,515)	(10,915)	1,486,172
2	Debt securities	-	1,055,908	(158)	(158)	-	1,055,750
3	Off-balance sheet exposures	7,531	774,333	(2,255)	(1,626)	(629)	779,609
4	<b>Total</b>	<b>81,448</b>	<b>3,283,926</b>	<b>(43,843)</b>	<b>(32,299)</b>	<b>(11,544)</b>	<b>3,321,531</b>
<b>Group as at Jun, 2024</b>							
1	Loans	80,281	2,355,731	(61,668)	(40,527)	(21,141)	2,374,344
2	Debt securities	-	1,055,908	(158)	(158)	-	1,055,750
3	Off-balance sheet exposures	7,531	774,333	(2,255)	(1,626)	(629)	779,609
4	<b>Total</b>	<b>87,812</b>	<b>4,185,972</b>	<b>(64,081)</b>	<b>(42,311)</b>	<b>(21,770)</b>	<b>4,209,703</b>

Definition of default:

The Baiduri Bank Group considers the following definition as an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators of Credit-impaired financial assets. The definition is applied consistently period to period and reviewed to ensure accurate reflection of what constitutes a default in the current economic environment.

The Group ensures its list of Unlikely to Pay ("UTP") criteria reflect the current UTP indicators that are evident from borrowers' non-payment behaviour in the current economic environment. Where an increasing amount of balances may be subject to longer 'days past due', the Group exercises care in applying the 90 dpd rebuttable presumption, especially where principal payment holidays are introduced, during which borrowers are permitted to defer certain payments, where such payments are no longer past due.

**4.2 Changes in Stock of Defaulted Loans and Debt Securifies as at Jun 30, 2024**

	Bank B\$'000	Group B\$'000
1	88,298	95,103
2	10,173	14,972
3	(16,271)	(18,801)
4	(3,264)	(5,634)
5	2,512	2,172
6	81,448	87,812

**4.3 Overview of Credit Risk Mitigation (CRM) Techniques as at Jun 30, 2024**

	Exposures Unsecured B\$'000	Exposures Secured B\$'000	Exposures secured by Collateral B\$'000	Exposures secured by Financial Guarantees B\$'000	Exposures secured by credit Derivatives B\$'000
<b>Bank</b>					
1	749,524	736,648	736,648	-	-
2	1,055,750	-	-	-	-
<b>3 Total</b>	<b>1,805,274</b>	<b>736,648</b>	<b>736,648</b>	<b>-</b>	<b>-</b>
4	372	48,984	48,984		
<b>Group</b>					
1	831,556	1,542,788	1,542,788	-	-
2	1,055,750	-	-	-	-
<b>3 Total</b>	<b>1,887,306</b>	<b>1,542,788</b>	<b>1,542,788</b>	<b>-</b>	<b>-</b>
4	391	52,368	52,368	-	-

**4.4 Standardised Approach for Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects**

		Bank as at Jun 30, 2024					
Asset Classes		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
1	Sovereigns and their central banks	649,102	-	649,102	-	-	0.00%
2	Non-central government public sector entities	-	-	-	-	-	0.00%
3	Multilateral development banks	-	-	-	-	-	0.00%
4	Banks	1,487,837	168,898	1,487,837	84,449	647,925	41.21%
5	Securities firms	-	-	-	-	-	0.00%
6	Corporates	825,132	1,181,240	711,257	106,795	794,427	97.11%
7	Regulatory retail portfolios	200,510	-	197,661	-	151,664	76.73%
8	Secured by residential property	252,827	-	250,327	-	180,950	72.29%
9	Secured by commercial real estate	267,536	-	262,014	-	262,014	100.00%
10	Equity	307	-	307	-	461	150.16%
11	Past due loans	49,357	-	43,114	-	50,707	117.61%
12	Higher-risk categories	-	-	-	-	-	0.00%
13	Other assets	357,174	-	357,174	-	66,771	18.69%
14	<b>Total</b>	<b>4,089,782</b>	<b>1,350,138</b>	<b>3,958,793</b>	<b>191,244</b>	<b>2,154,919</b>	<b>51.93%</b>

**Group as at Jun 30, 2024**

Asset Classes	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
1 Sovereigns and their central banks	649,102	-	649,102	-	-	0.00%
2 Non-central government public sector entities	-	-	-	-	-	0.00%
3 Multilateral development banks	-	-	-	-	-	0.00%
4 Banks	1,328,413	168,898	1,328,413	84,449	573,855	40.62%
5 Securities firms	-	-	-	-	-	0.00%
6 Corporates	873,933	1,181,240	760,010	106,795	843,180	97.27%
7 Regulatory retail portfolios	1,046,703	-	1,043,844	-	786,301	75.33%
8 Secured by residential property	252,827	-	250,327	-	180,950	72.29%
9 Secured by commercial real estate	267,536	-	262,014	-	262,014	100.00%
10 Equity	307	-	307	-	461	150.16%
11 Past due loans	52,760	-	46,517	-	54,110	116.32%
12 Higher-risk categories	-	-	-	-	-	0.00%
13 Other assets	446,549	-	446,549	-	107,752	24.13%
14 Total	4,918,130	1,350,138	4,787,083	191,244	2,808,623	56.42%

#### 4.5 Standardised Approach for Exposure by Asset Classes and Risk Weights

Bank as at Jun 30, 2024	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total Credit exposures (post CCF and post CRM)
1 Sovereigns and their central banks	649,102	-	-	-	-	-	-	-	-	649,102
2 Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-
3 Multilateral development banks	-	-	-	-	-	-	-	-	-	-
4 Banks	-	-	637,377	-	828,919	-	105,990	-	-	1,572,286
5 Securities firms	-	-	-	-	-	-	-	-	-	-
6 Corporates	-	-	23,571	-	10,139	-	784,342	-	-	818,052
7 Regulatory retail portfolios	-	-	-	-	-	183,987	13,674	-	-	197,661
8 Secured by residential property	-	-	-	16,989	-	233,338	-	-	-	250,327
9 Secured by commercial real estate	-	-	-	-	-	-	262,014	-	-	262,014
10 Equity	-	-	-	-	-	-	-	307	-	307
11 Past due loans	-	-	-	-	-	-	27,928	15,186	-	43,114
12 Higher risk categories	-	-	-	-	-	-	-	-	-	-
13 Other assets	290,403	-	-	-	-	-	66,771	-	-	357,174
14 Total	939,505	-	660,948	16,989	839,058	417,325	1,260,719	15,493	-	4,150,037

Group as at Jun 30, 2024	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total Credit exposures (post CCF and post CRM)
1 Sovereigns and their central banks	649,102	-	-	-	-	-	-	-	-	649,102
2 Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-
3 Multilateral development banks	-	-	-	-	-	-	-	-	-	-
4 Banks	-	-	637,377	-	658,212	-	117,273	-	-	1,412,862
5 Securities firms	-	-	-	-	-	-	-	-	-	-
6 Corporates	-	-	23,571	-	10,139	-	833,095	-	-	866,805
7 Regulatory retail portfolios	-	-	-	-	-	1,030,170	13,674	-	-	1,043,844
8 Secured by residential property	-	-	-	16,989	-	233,338	-	-	-	250,327
9 Secured by commercial real estate	-	-	-	-	-	-	262,014	-	-	262,014
10 Equity	-	-	-	-	-	-	-	307	-	307
11 Past due loans	-	-	-	-	-	-	31,331	15,186	-	46,517
12 Higher risk categories	-	-	-	-	-	-	-	-	-	-
13 Other assets	338,797	-	-	-	-	-	107,752	-	-	446,549
14 Total	987,899	-	660,948	16,989	668,351	1,263,508	1,365,139	15,493	-	4,978,327

## 5 MARKET RISK

### 5.1 Market Risk under Standardised Approach as at Jun 30, 2024

	Risk Weighted Assets	
	Bank	Group
	B\$'000	B\$,000
Interest/Profit Rate Risk	-	-
Equity Position Risk	-	-
Foreign Exchange Risk	4,896	4,810
Commodity Risk	-	-
<b>Total</b>	<b>4,896</b>	<b>4,810</b>