



RHB Bank Berhad
Brunei Darussalam Branch

Pillar 3 Disclosures

30th June 2023

**RHB BANK BERHAD
BRUNEI DARUSSALAM BRANCH
PILLAR 3 DISCLOSURES AS AT 30th JUNE 2023**

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1.0 Disclosure A: Scope of Application

This document covers the quantitative information as at 30th June 2023. The disclosure was prepared in compliance with the requirements set forth in Brunei Darussalam Central Bank (BDCB) Notification No. BU/N-3/2021/68 dated 02nd April 2021.

RHB Bank Berhad Brunei Darussalam branch (“the Bank”) is a branch office of RHB Bank Berhad and is part of RHB Banking Group with its Head Office in Malaysia. In operating the business, RHB Bank Berhad Brunei Darussalam branch is guided by the Group Policies, Bank Negara Malaysia’s Guidelines and BDCB’s Guidelines, whichever is more stringent.

Table 1: Key Metrics

		June 2023	March 2023	December 2022	September 2022	June 2022
Available Capital (BND'000)						
1	Tier 1	44,844.00	44,844.00	44,844.00	43,582.00	43,582.00
2	Total Capital	45,115.00	45,139.00	45,077.00	43,754.00	43,790.00
Risk-weighted assets (BND'000)						
3	Total risk-weighted assets (RWA)	101,034.23	98,268.61	100,808.06	96,289.82	97,016.07
Risk-based capital ratios as a percentage of RWA						
4	Tier 1 ratio (%)	44.38	45.63	44.48	45.26	44.92
5	Total capital ratio (%)	44.65	45.93	44.72	45.44	45.14

Total risk-weighted assets (RWA) increased quarter-on-quarter from March 2023 to June 2023, mainly driven by higher credit risk RWA from regulatory retail portfolio from higher gross loan and higher market risk RWA from higher Foreign Exchange Net Open Position (FXNOP). Thus, both Tier 1 ratio and Total Capital Ratio (TCR) decreased in the same period accordingly. However, both ratios remained healthy and the TCR is above the minimum regulatory requirement of 10%.

Table 2: Overview of Risk Weighted Assets (RWA)

		RWA (BND'000)		Minimum capital requirements
		June 2023	March 2023	June 2023
1	Credit risk (Standardised)	92,630.25	90,156.45	9,263.03
2	Market risk (Standardised)	790.23	498.41	79.02
3	Operational risk (Basic Indicator/Approach)	7,613.75	7,613.75	761.38
4	Total	101,034.23	98,268.61	10,103.43

Total risk-weighted assets (RWA) increased quarter-on-quarter from March 2023 to June 2023. This is mainly driven by higher credit risk RWA from regulatory retail portfolio from higher gross loan and higher market risk RWA from higher FXNOP arising from higher Nostro account balances.

Table 3: Composition of regulatory capital

June 2023

		Amounts (BND'000)
	Tier 1 capital: instruments and reserves	
1	Paid-up Ordinary Shares/Assigned Capital (after deduction of holdings of own capital)	30,000.00
2	Non-Cumulative, Non-Redeemable Preference Shares	-
3	Share Premium	-
4	Statutory Reserve Fund	6,650.00
5	Published Retained Profits/(Accumulated Losses)	8,194.00
6	General Reserves	-
7	Fair Values Reserves	-
8	Tier 1 capital before regulatory adjustments	44,844.00
	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 3 rd parties in Financial Subsidiary	-
14	Total Regulatory adjustments to Tier1 Capital	-
15	Tier 1 capital	44,844.00
	Tier 2 capital: instruments and provision	
16	General Credit Loss Reserves (Capped at 1.25% of Credit Risk)	271.00
17	<i>Hybrid (debt/equity) Capital Instruments</i>	-
18	Approved Subordinated Term Debt (Capped at 50% of Core Capital Element)	-
19	Tier 2 Capital before regulatory adjustments	271.00
	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)	271.00
24	Allowable Supplementary Capital (Tier 2 Capital)	-
25	Sub-Total of Tier 1 AND Tier 2 Capital	45,115.00
26	Deductions/Adjustments 3 to total Amount of Tier 1 and Tier 2 capital	-

		Amounts (BND'000)
27	Significant Investments in Banking, Securities and Other Financial Entities	-
28	Significant Investments in Insurance Entities & Subsidiary	-
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)	45,115.00
33	Total risk-weighted assets	101,034.23
	Capital ratios	
34	Tier 1 (as a percentage of risk-weighted assets)	44.38%
35	Total capital (as a percentage of risk-weighted assets)	44.65%

Table 4: Credit quality of assets

June 2023

(BND'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		
1	Loans	1,924	58,247	(646)	(375)	(271)	59,525
2	Debt Securities	-	14,856	-	-	-	14,856
3	Off-balance sheet exposures	-	3,828	-	-	-	3,828
4	Total	1,924	76,931	(646)	(375)	(271)	78,209

Table 5: Changes in stock of defaulted loans and debt securities

June 2023

		BND'000
1	Defaulted loans and debt securities at the end of the previous reporting period	1,819
	Loans and debt securities that have defaulted since the last reporting period	90
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	15
6	Defaulted loans and debt securities at the end of reporting period	1,924

Table 6: Overview of credit risk mitigation (CRM) techniques

June 2023

	(BND'000)	Exposures unsecured	Exposures secured	Exposures secured by collateral *	Exposures secured by financial guarantees *	Exposures secured by credit derivatives
1	Loans	10,886	49,286	49,286		-
2	Debt securities	14,856	-	-		-
3	Total	25,742	49,286	49,286		-
4	Of which defaulted	113	1,811	1,811		-

* Figures for exposure secured by collateral and financial guarantees are reported as merged (i.e. Loans and Debt Securities combined) as some of the customers' loans are secured by multi-collateral including property, fixed deposit and guarantees.

Table 7: Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

June 2023

Asset classes (BND'000)		Exposures before CCF and CRM		Exposures post- CCF and CFM		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	37,996	-	37,996	-	0	0%
2	Non-central government public sector entities	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-
4	Banks	82,156	-	82,156	-	35,079	42.70%
5	Securities firms	-	-	-	-	-	-
6	Corporates	-	-	-	-	-	-
7	Regulatory retail portfolios	42,551	12,883	42,551	3,066	42,719	93.65%
8	Secured by residential property	15,697	-	15,697	-	10,112	64.42%
9	Secured by commercial real estate	-	-	-	-	-	-
10	Equity	-	-	-	-	-	-
11	Past-due loans	1,924	-	1,780	-	1,780	100%
12	Higher-risk categories	-	-	-	-	-	-
13	Other assets	9,419	-	9,419	-	2,940	31.21%
14	Total	189,740	12,883	189,599	3,066	92,630	48.08%

Table 8: Standardised Approach – Exposures by asset classes and risk weights

June 2023

	Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure amount (post CCF and post CRM)
	Asset classes (BND'000)										
1	Sovereign and their central banks	37,996	-	-	-	-	-	-	-	-	37,996
2	Non-central government public sectors entities (PSEs)	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
4	Banks	-	-	21,307	-	60,062	-	787	-	-	82,156
5	Securities firms	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	-	-	-	-	-	-
7	Regulatory retail portfolios	-	-	-	-	-	11,594	34,023	-	-	45,617
8	Secured by residential property	-	-	-	4,151	-	11,546	-	-	-	15,697
9	Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-

	Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure amount (post CCF and post CRM)
	Asset classes (BND'000)										
10	Equity	-	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-	1,780	-	-	1,780
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other assets	5,215	-	1,580	-	-	-	2,624	-	-	9,419
14	Total	43,211	-	22,887	4,151	60,062	23,140	39,214	-	-	192,665

Table 9: Market Risk under the *Standardised Approach*

June 2023

	RWA (BND'000)
1 Interest rate risk (general and specific)	-
2 Equity risk (general and specific)	-
3 Foreign exchange risk	790.23
4 Commodity risk	-
5 Total	790.23