

**BDCB Notice No. BU/N-1/2021/68**  
**Pillar 3 – Public Disclosure**  
**Requirements as of 30 September 2021**  
**(Quarterly)**

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## Overview

Bank of China (Hong Kong) Limited Brunei Branch (“The Branch”) has completed its Pillar 3 – Public disclosure requirements (quarterly) covering the overview of key prudential metrics and Risk-Weighted Assets (“RWA”) in respect of the period as of 30th September 2021. The report is prepared with reference to Brunei Darussalam Central Bank (“BDCB”)’s Pillar 3 – Specific Disclosure Requirements. The Branch conducts regular assessment on risk management status and risk governance based on regulatory requirements and assesses the Branch’s level of internal capital adequacy accordingly.

### (i) Overview of key prudential metrics and RWA

#### a. Key Metrics

	<b>30 September 2021</b>	<b>30 June 2021</b>	<b>31 March 2021</b>	<b>31 December 2020</b>	<b>30 September 2020</b>
	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
<b>Available capital (amounts)</b>					
Tier 1	99,656	99,601	99,545	99,489	58,074
Total capital	100,687	100,687	101,085	100,705	59,684
<b>Risk-weighted assets (amounts)</b>					
Total risk-weighted assets (RWA)	241,390	307,440	289,312	274,766	263,499
<b>Risk-based capital ratios as a percentage of RWA</b>					
Tier 1 ratio (%)	41.28%	32.40%	34.41%	36.21%	22.04%
Total capital ratio (%)	41.71%	32.75%	34.94%	36.65%	22.65%

The main increase of tier 1 capital and total capital in Q4 2020 compared to Q3 2020 is mainly due to capital injection of US\$ 30,000 thousands (equivalent to B\$ 40,037 thousands), which was fully contributed by the Head Office on December 16, 2020.

The major difference in total RWA in Q3 2021 compared to Q2 2021 is mainly resulted from the decreased of credit risk RWA by B\$ 66,461 thousands due to the repayment of customer loans and other trade finances. There is no change in the nature of business and business is generally slow due to the pandemic outbreak in August 2021. However, it can be seen that the position of total CAR has increased by 8.96% as compared to Q2 2021.

b. Overview of Risk Weighted Assets (RWA)

	RWA		Minimum capital requirements
	30 September 2021	30 June 2021	30 September 2021
	B\$'000	B\$'000	B\$'000
Credit risk (Standardised)	226,479	292,941	22,648
Market risk (Standardised)	1,363	951	136
Operational risk (Basic Indicator Approach)	13,548	13,548	1,355
<b>Total</b>	<b>241,390</b>	<b>307,440</b>	<b>24,139</b>

The significant decrease in credit risk RWA is due to the repayment of customer loans and other trade finances in Q3 2021. Business is generally slow from Q2 2021 to Q3 2021 as Brunei Darussalam experienced its second pandemic outbreak in early August 2021. The minor surge of market risk in Q3 2021 is due to increased USD exchange rate from 1.345 in June 2021 to 1.361 in September 2021. No major exception is noted. Conclude that RWA of the bank is operating above the minimum acceptable range.