



Pillar 3 – PUBLIC DISCLOSURES

UNAUDITED AS OF JUNE 30, 2026

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1. Overview and Introduction

The Bank is regulated by the Brunei Darussalam Central Bank (“BDCB”) and follows the updated Pillar 3 - Public disclosure requirements issued by the BDCB in April 2021.

This document is prepared and based on the said notice and complements other regulatory guidance such as the minimum risk-based capital requirements and other quantitative requirement as per the Notice No BU/N-4/2017/39 - Maintenance of Capital Adequacy Ratio and Notice No. BU/N-10/2018/60 : Amendment No. 1 - Supervisory Review and Evaluation Process (SREP) The Pillar 3 disclosure aims to facilitate and promote market discipline by requiring disclosure of key information on a consistent and comparable basis.

1.1 Basel Regulatory Framework

The Basel Accord framework consists of following three main pillars:

- **Pillar I** - defines the regulatory minimum capital requirements by providing rules and regulations for measurement of credit risk, market risk and operational risk. The requirement of capital has to be covered by the Banks’ own regulatory fund;
- **Pillar II** - addresses a Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”) for assessing overall capital adequacy in relation to risks other than Pillar I. Pillar II also introduces the Supervisory Review and Evaluation Process (“SREP”), which is used as a tool to assess the internal capital adequacy of banks; and
- **Pillar III** - complements the other two pillars and focuses on enhanced transparency in information disclosure, covering risk and capital management, including capital adequacy which encourages market discipline and allows market participants to assess specific information.

Scope of Application

The name of the top corporate entity in the group, to which these regulations apply, is Bank Islam Brunei Darussalam Berhad (“BIBD”) and its subsidiaries (“the Group”). The consolidated financial statements are prepared in accordance with the requirement of International Financial Reporting Standards (“IFRS”) and Brunei Darussalam Central Bank (“BDCB”).

There is no difference between our accounting and reporting in the consolidation to our subsidiaries. Further details on the basis of consolidation can be referred on the notes to the BIBD financial statements.

C1: Overview of key prudential metrics and Risk Weighted Assets(“RWA”)

KM1: Key Metrics

Purpose: To provide an overview of the Group’s prudential regulatory metrics						
Content: Key prudential metrics related to regulatory capital and other regulatory requirements						
Frequency: Quarterly						
Format: Fixed						
Narrative: March 2026 to June 2026 saw a decrease in the Tier 1 Ratio and Total Capital Ratio by 1.0%. While the Bank's capital position remained broadly stable, there was an increase in Total Risk-Weighted Assets, which led to a reduction in the capital ratios compared to Q1 2026.						
Quantitative disclosure:						
		T	T-1	T-2	T-3	T-4
	Available capital (BND'000)	30-Jun-26	31-Mar-26	31-Dec-25	30-Sep-25	30-Jun-25
1	Tier 1	1,404,713	1,417,610	1,401,594	1,281,331	1,373,826
2	Total Capital	1,407,352	1,418,751	1,401,594	1,281,331	1,373,826
3	Total Risk-Weighted Assets	8,369,790	7,980,609	7,693,140	7,734,184	7,805,844
4	Tier 1 Ratio (%)	16.8%	17.8%	18.2%	16.6%	17.6%
5	Total Capital Ratio (%)	16.8%	17.8%	18.2%	16.6%	17.6%

OV1: Overview of Risk Weighted Assets (RWA)

Purpose: To provide an overview of total RWA and further breakdowns of RWA.				
Frequency: Quarterly				
Format: Fixed				
Narrative: There was an increase in the Credit Risk RWA due to an increase in credit exposures, leading to a higher total RWA compared to March 2026.				
Quantitative disclosure:				
		(a)	(b)	(c)
		RWA (BND'000)		Minimum capital requirements
		30-Jun-26	31-Mar-26	30-Jun-26
1	Credit Risk (Standardised)	7,710,889	7,322,551	771,089
2	Market Risk (Standardised)	2,279	1,436	228
3	Operational risk (Basic Indicator Approach)	656,622	656,622	65,662
4	Total (Row 1 + 2 + 3)	8,369,790	7,980,609	836,979

C2: Composition of Capital

CC1: Composition of regulatory capital

Purpose: To provide a breakdown of the constituent elements of a bank's capital		
Content: Breakdown of regulatory capital according to the scope of regulatory consolidation		
Frequency: Semi-Annual		
Format: Fixed		
Narrative: General credit loss reserved include stage 1 only.		
Quantitative disclosure:		
	Item (BND'000)	Amount
	Tier 1 Capital: instruments and reserves	
1	Paid-up Ordinary Shares/Assigned Capital (after deduction of holdings of own capital)	507,325
2	Non-Cumulative, Non-Redeemable Preference Shares	-
3	Share Premium	-
4	Statutory Reserve Fund	605,266
5	Published Retained Profits/(Accumulated Losses)	311,751
6	General Reserves	5,421
7	Fair Value Reserves	6,392
8	Tier 1 capital before regulatory adjustments	1,436,155
	Tier 1 Capital: regulatory adjustments	
9	Reciprocal cross-holdings of ordinary shares (as required by BDCB)	-
10	Goodwill	-
11	Other intangible assets	22,902
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 3rd parties in Financial Subsidiary	-
14	Total Regulatory adjustments to Tier 1 Capital	22,902
15	Tier 1 Capital (prior to Deductions/Adjustments 3)	1,413,253
	Tier 2 capital: instruments and provisions	
16	General Credit Loss Reserves (Capped at 1.25% of Credit Risk)	11,179
17	Hybrid (debt/equity) Capital Instruments	-
18	Approved Subordinated Term Debt (Capped at 50% of Core Capital Element)	-
19	Tier 2 capital before regulatory adjustments	11,179
	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)	11,179
24	Allowable Supplementary Capital (Tier 2 Capital)	11,179
25	Sub-Total of Tier 1 and Tier 2 Capital (prior to adjustment 3)	1,424,432
26	Deductions/Adjustments 3 to total Amount of Tier 1 and Tier 2 capital	17,080
27	Significant Investments in Banking, Securities and Other Financial Entities	10,000
28	Significant Investments in Insurance Entities & Subsidiary	7,080
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	Tier 1 capital after regulatory adjustment (T1)	1,404,713
33	Total regulatory capital (TC = T1 + T2)	1,407,352
34	Total risk-weighted assets	8,369,790
	Capital ratios	
35	Tier 1 (as a percentage of risk-weighted assets)	16.78%
36	Total capital (as a percentage of risk-weighted assets)	16.81%

C6: Credit Risk

CR1: Credit quality of assets

Purpose: To provide a comprehensive picture of the credit quality of a bank's (on- and off- balance sheet) assets.							
Content: Carrying values (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation).							
Frequency: Semi-Annual							
Format: Fixed							
Narrative: Non-performing financings are classified based on the BDCB Regulatory definition of 90 days past due guided by the regulator's Prudential Treatment of problem assets and Accounting for Expected Credit Losses (Notice: BU/N-7/2018/57). Other Investment includes Structure deposit and equity securities. General allowance includes stage 1 (BND10.663 mil) and stage 2 (BND3.933 mil).							
Note: Based on IFRS9 definition, any non-performing exposure will affect all other facilities. There are clients that have non-performing in the funded exposure, thus impacted the unfunded portfolio.							
Quantitative disclosure:							
		(a)	(b)	(c)	(d)	(e)	(f)
		Gross carrying values of		Allowances / impairments	Of which: ECL accounting provisions for credit losses on SA exposure		Net values (a+b-c)
	Asset classes (BND'000)	Defaulted exposures	Non-defaulted exposures		Of which: Specific Allowance	Of which: General Allowance	
1	Financing	102,592	6,484,375	55,663	41,802	13,861	6,531,304
2	Sukuk Investment	-	1,272,551	309	-	309	1,272,242
3	Other Investment	-	59,209	-	-	-	59,209
4	Money Market Placement	-	3,276,589	78	-	78	3,276,511
5	Off-balance sheet exposures	-	1,173,842	348	-	348	1,173,494
6	Total	102,592	12,266,566	56,398	41,802	14,596	12,312,760

CR2: Changes in Stock of Defaulted Financing and Debt Securities

Purpose: Identify the changes in a bank's stock of defaulted exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the stock of defaulted exposures due to write-offs.		
Content: Carrying values		
Frequency: Semi-Annual		
Format: Fixed		
Narrative: There was an increase in the defaulted financing in H1 2026 reporting period due to a reclassification from Stage 2 to Stage 3, which resulted in a higher non-performing portfolio compared to FY 2025.		
Quantitative disclosure:		
	Asset classes (BND'000)	(a)
1	Defaulted financing and debt securities at end of the previous reporting period	61,327
2	Financing and debt securities that have defaulted since the last reporting period	48,976
3	Returned to non-defaulted status	(2,175)
4	Amounts written off	(2,933)
5	Other changes	(2,603)
6	Defaulted financing and debt securities at end of the reporting period (1+2-3-4+5)	102,592

CR3: Overview of Credit Risk Mitigation (CRM) techniques

Purpose: Disclose the extent of use of CRM techniques						
Content: Carrying values - all CRM techniques used to reduce capital requirements and disclose all secured exposures.						
Frequency: Semi-Annual						
Format: Fixed						
Narrative: As per BDCB capital adequacy framework, for the purpose of credit risk mitigation, BIBD uses Cash, foreign currencies and guarantees.						
Quantitative disclosure:						
	(a)	(b)	(c)	(d)	(e)	
	Asset classes (BND'000)	Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Financing	5,382,409	1,089,147	1,089,147	-	-
2	Sukuk Investment	1,272,242	-	-	-	-
3	Other investment	59,209	-	-	-	-
4	Money Market Placement	4,145,362	64,455	-	64,455	-
5	Total	10,859,222	1,153,602	1,089,147	64,455	-
6	Of which defaulted	25,138	35,652	35,652	-	-

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CR4: Standardised approach for Credit risk exposure and Credit Risk Mitigation (CRM) effects

Purpose: Illustrate the effect of CRM on standardized approach capital requirements' calculations. The RWA density provides a synthetic metric on riskiness of each portfolio.							
Content: Regulatory exposure amounts.							
Frequency: Semi-Annual.							
Format: Fixed.							
Narrative: The exposure includes both on balance sheet exposure and off-balance sheet exposure which is converted by the credit conversion factor ("CCF").							
Quantitative disclosure:							
	Asset classes (BND'000)	(a)	(b)	(c)	(d)	(e)	(f)
		Exposures before CCF and CRM	Exposures post-CCF and CRM	Exposures post-CCF and CRM	Exposures post-CCF and CRM	RWA and RWA density	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	767,784	1,479	767,784	1,479	90,407	12
2	Non-central government public sector entities	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-
4	Banks	4,893,639	151,412	4,829,184	151,412	1,653,196	33
5	Securities firms	-	-	-	-	-	-
6	Corporates	1,777,057	354,680	1,696,255	354,680	1,960,819	96
7	Regulatory retail portfolios	2,005,806	67,057	1,900,246	38,973	1,465,879	76
8	Secured by residential property	1,062,807	23,806	1,062,807	23,806	762,471	70
9	Secured by commercial real estate	1,160,929	-	1,157,695	-	1,157,695	100
10	Equity	1,223	-	1,223	-	1,834	150
11	Non-performing financing	60,134	-	57,814	-	73,292	127
12	Higher-risk categories	25,867	-	25,867	-	38,801	150
13	Other assets	571,199	-	571,199	-	506,495	89
14	Total	12,326,445	598,436	12,070,074	570,350	7,710,889	61

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CR5: Standardised approach for Exposures by asset classes and risk weights

Purpose: Present the breakdown of credit risk exposures under the standardized approach by asset class and risk weight (corresponding to the level of risks attributed to the exposure).											
Content: Regulatory exposure amounts											
Frequency: Semi-Annual											
Format: Fixed											
Narrative: No Significant changes were observed.											
Quantitative disclosure:											
	Risk Weight→ Asset Classes (BND'000)	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
		0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	568,247	-	48,928	-	142,934	-	9,155	-	-	769,264
2	Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
4	Banks	-	-	3,023,034	-	1,883,436	-	73,092	1,035	-	4,980,597
5	Securities firms	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	180,233	-	1,870,703	-	-	2,050,936
7	Regulatory retail portfolios	-	-	-	-	-	1,932,092	7,127	-	-	1,939,219
8	Secured by residential property	-	-	-	133,108	-	950,488	3,018	-	-	1,086,614
9	Secured by commercial real estate	-	-	-	-	-	-	1,157,695	-	-	1,157,695
10	Equity	-	-	-	-	-	-	-	1,223	-	1,223
11	Non-performing financing	-	-	-	-	-	-	27,270	30,544	-	57,814
12	Higher-risk categories	-	-	-	-	-	-	-	25,867	-	25,867
13	Other assets	64,704	-	-	-	-	-	506,495	-	-	571,199
	Total	632,951	-	3,071,962	133,108	2,206,603	2,882,580	3,654,555	58,669	-	12,640,428

C9: Market Risk

MR1: Market risk under standardized approach

Purpose: To provide the components of the capital charge under the <i>Standardised Approach</i> for market risk.		
Content: RWA		
Frequency: Semi-Annual		
Format: Fixed		
Quantitative disclosure:		
		(a)
		RWA (BND'000)
1	Profit rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	2,279
4	Commodity risk	-
5	Total	2,279