

BDCB Notice No. BU/N-1/2021/68
Pillar 3 – Public Disclosure
Requirements as of
30 June 2026

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Overview

Bank of China (Hong Kong) Limited Brunei Branch (“The Branch”) has completed its Pillar 3 – Public disclosure requirements covering the overview of key prudential metrics and Risk-Weighted Assets (“RWA”) in respect of the year as of 30th June 2026. 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.

1. C1: OVERVIEW OF KEY PRUDENTIAL METRICS AND RWA

a. KM1: Key Metrics

	(a)	(b)	(c)	(d)	(e)
	30 June 2026	31 March 2026	31 December 2025	30 September 2025	30 June 2025
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
<u>Available capital (amounts)</u>					
1 Tier 1	132,286	132,265	132,245	130,216	130,195
2 Total capital	133,063	133,288	133,778	131,755	131,381
<u>Risk-weighted assets (amounts)</u>					
3 Total risk-weighted assets (RWA)	271,671	376,700	407,278	455,436	353,771
<u>Risk-based capital ratios as a percentage of RWA</u>					
4 Tier 1 ratio (%)	48.69%	35.11%	32.47%	28.59%	36.80%
5 Total capital ratio (%)	48.98%	35.38%	32.85%	28.93%	37.14%

The main increase of tier 1 capital ratio and total capital ratio in Q2 2026 compared to Q1 2026 was mainly due to maturity of trade financing loans from corporate customers which affected the credit risk RWA resulted a total decrease of B\$104,929,000.00. There is no change in the nature of business. However, it can be seen that the position of total CAR is sufficient to meet the Branch’s capital needs.

b. OV1: Overview of Risk Weighted Assets (RWA)

	(a)	(b)	(c)
	RWA		Minimum capital requirements
	30 June 2026	31 March 2026	30 June 2026
	B\$'000	B\$'000	B\$'000
1 Credit risk (Standardised)	242,036	346,965	24,204
2 Market risk (Standardised)	804	904	80
3 Operational risk (Basic Indicator Approach)	28,831	28,831	2,883
4 Total (Row 1 + 2 + 3)	271,671	376,700	27,167

In this table, the main driver of decrease in credit risk RWA was mainly due to maturity of trade financing loans in Q2 2026.

2. C2: COMPOSITION OF CAPITAL

a. CC1: Composition of regulatory capital

	(a) 30 June 2026 B\$'000
Tier 1 capital: instruments and reserves	
1 Paid-up Ordinary Shares/Assigned Capital (after deduction of holdings of own capital)	100,037
2 Non-Cumulative, Non-Redeemable Preference Shares	-
3 Share Premium	-
4 Statutory Reserve Fund	17,926
5 Published Retained Profits/ (Accumulated Losses)	14,434
6 General Reserves	-
7 Fair Value Reserves	(1)
8 Tier 1 capital before regulatory adjustments	132,396
Tier 1 capital: regulatory adjustments	
9 Reciprocal cross-holdings of ordinary shares (as required by BDCB)	-
10 Goodwill	-
11 Other intangible assets	110
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	110
15 Tier 1 capital	132,286
Tier 2 capital: instruments and provisions	
16 General Credit Loss Reserves (Capped at 1.25% of Credit Risk)	777
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	777
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)	777
24 Allowable Supplementary Capital (Tier 2 Capital)	777
25 Sub-Total of Tier 1 and Tier 2 Capital	133,063
26 Deductions/Adjustments 3 to total Amount of Tier 1 and Tier 2 capital	-
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	133,063
33 Total risk-weighted assets	271,671
Capital ratios	
34 Tier 1 (as a percentage of risk-weighted assets)	48.69%
35 Total capital (as a percentage of risk-weighted assets)	48.98%

The increase of Tier 1 capital ratio and Total capital ratio in 1H 2026 compared to 2H 2025 was resulted from decrease in Total RWA by B\$135,607,000.00 which was mainly due to maturity of trade financing loans from corporate customers.

3. C6: CREDIT RISK

a. CR1: Credit quality of assets

	(a)	(b)	(c)	(d)	(e)	(f)
	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
30 June 2026						
1 Loans	-	87,682	(443)	-	(443)	87,239
2 Debt Securities	-	117,999	(12)	-	(12)	117,987
3 Off- balance sheet exposures	-	161,961	(308)	-	(308)	161,653
4 Total	-	367,642	(763)	-	(763)	366,879

The Branch identifies the exposures as “default” in accordance with the definition of default used for regulatory capital adequacy purpose. Off-balance sheet exposures exclude revocable loan commitments of B\$19,641,000.00

b. CR2: Changes in Stock of Defaulted Loans and Debt Securities

	(a)
	30 June 2026
	B\$'000
1 Defaulted loans and debt securities at end of the previous reporting period	-
2 Loans and debt securities that have defaulted since the last reporting period	-
3 Returned to non-defaulted status	-
4 Amounts written off	-
5 Other changes	-
6 Defaulted loans and debt securities at end of the reporting period	-

There was no defaulted loan and debt security for the Branch.

c. CR3: Overview of credit risk mitigation (CRM) techniques

	(a)	(b)	(c)	(d)	(e)
	Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
30 June 2026					
1 Loans	74,648	12,591	4,140	8,451	-
2 Debt securities	117,987	-	-	-	-
3 Total	192,635	12,591	4,140	8,451	-
4 Of which defaulted	-	-	-	-	-

Exposures secured uses cash and guarantees to cover gross exposures for the purpose of credit risk mitigation, as align with BDCB capital adequacy framework.

d. CR4: Standardised approach for Credit risk exposure and credit risk mitigation (CRM) effects

	(a)	(b)	(c)	(d)	(e)	(f)
	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	%
30 June 2026						
1 Sovereigns and their central banks	181,199	-	181,199	-	388	0%
2 Non-central government public sector entities	-	-	-	-	-	0%
3 Multilateral development banks	-	-	-	-	-	0%
4 Banks	386,092	6,703	386,092	3,352	93,663	24%
5 Securities firm	-	-	-	-	-	0%
6 Corporates	87,682	174,899	75,048	71,629	146,677	100%
7 Regulatory retail portfolios	-	-	-	-	-	0%
8 Secured by residential property	-	-	-	-	-	0%
9 Secured by commercial real estate	-	-	-	-	-	0%
10 Equity	-	-	-	-	-	0%
11 Past-due loans	-	-	-	-	-	0%
12 Higher-risk categories	-	-	-	-	-	0%
13 Other assets	4,463	-	4,463	-	1,308	29%
14 Total	659,436	181,602	646,802	74,981	242,036	34%

The main decrease in credit risk exposure in 1H 2026 compared to 2H 2025 was mainly due to maturity of trade financing loans from corporate customers.

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

Asset classes \ Risk Weight	(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)
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
30 June 2026										
1 Sovereigns and their central banks	179,257	-	1,942	-	-	-	-	-	-	181,199
2 Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
3 Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
4 Banks	-	-	336,864	-	52,580	-	-	-	-	389,444
5 Securities firms	-	-	-	-	-	-	-	-	-	-
6 Corporates	-	-	-	-	-	-	146,677	-	-	146,677
7 Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
8 Secured by residential property	-	-	-	-	-	-	-	-	-	-
9 Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
10 Equity	-	-	-	-	-	-	-	-	-	-
11 Past-due loans	-	-	-	-	-	-	-	-	-	-
12 Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13 Other assets	3,155	-	-	-	-	-	1,308	-	-	4,463
14 Total	182,412	-	338,806	-	52,580	-	147,985	-	-	721,783

The main decrease in credit exposure in 1H 2026 compared to 2H 2025 is mainly due to the maturity of trade financing loans from corporate customers.

4. C9: MARKET RISK

a. MR1: Market risk under standardised approach

	(a)
	RWA
	30 June 2026
	B\$'000
1 Interest / Profit rate risk (general and specific)	-
2 Equity risk (general and specific)	-
3 Foreign exchange risk	804
4 Commodity risk	-
5 Total	804