

Income Statements
Year ended 31 December 2023

| | Group | | Bank | |
|---|----------------|----------------|----------------|----------------|
| | 2023 BS'000 | 2022 BS'000 | 2023 BS'000 | 2022 BS'000 |
| Profits from financing, leasing and investments | 461,460 | 338,176 | 430,700 | 288,762 |
| Profits paid/payable to depositors | (111,584) | (47,709) | (108,631) | (45,159) |
| Net profit margin | 349,876 | 290,467 | 322,069 | 243,603 |
| Fee and commission income | 54,447 | 47,318 | 52,208 | 45,413 |
| Fee and commission expense | (18,323) | (13,760) | (18,323) | (13,760) |
| Net fee and commission income | 36,124 | 33,558 | 33,885 | 31,653 |
| Gain from derivatives and investments | 13,688 | 48,043 | 13,688 | 48,043 |
| Net foreign exchange loss | (48,025) | (57,336) | (48,025) | (57,336) |
| Other operating income | 24,815 | 24,381 | 45,585 | 49,296 |
| Total income | 376,478 | 339,113 | 367,202 | 315,259 |
| Less: | | | | |
| Personnel expenses | (83,565) | (77,348) | (71,946) | (66,790) |
| Other expenses | (74,591) | (70,898) | (64,558) | (63,418) |
| Total operating expenses | (158,156) | (148,246) | (136,504) | (130,208) |
| Operating profit before allowances | 218,322 | 190,867 | 230,698 | 185,051 |
| Less: | | | | |
| Allowance for impairment on financial assets | (9,557) | (2,248) | (9,245) | (1,768) |
| Operating profit | 208,765 | 188,619 | 221,453 | 183,283 |
| Share of profits of associate and joint ventures (net of tax) | 12,263 | 3,937 | – | – |
| Profit before zakat and tax | 221,028 | 192,556 | 221,453 | 183,283 |
| Less: | | | | |
| Zakat | (4,862) | (3,027) | (4,862) | (3,027) |
| Income tax expense | (37,420) | (14,934) | (32,707) | (16,218) |
| Total zakat and income tax expense | (42,282) | (17,961) | (37,569) | (19,245) |
| Profit for the year | 178,746 | 174,595 | 183,884 | 164,038 |
| Profit for the year attributable to: | | | | |
| Equity holders of the Bank | 178,746 | 174,595 | 183,884 | 164,038 |
| Profit for the year | 178,746 | 174,595 | 183,884 | 164,038 |
| Earnings per share | | | | |
| Basic earnings per share (dollars) | 0.25 | 0.24 | | |
| Diluted earnings per share (dollars) | 0.25 | 0.24 | | |

Statements of Comprehensive Income
Year ended 31 December 2023

| | Group | | Bank | |
|---|----------------|-----------------|----------------|-----------------|
| | 2023 BS'000 | 2022 BS'000 | 2023 BS'000 | 2022 BS'000 |
| Profit for the year | 178,746 | 174,595 | 183,884 | 164,038 |
| Other comprehensive income: | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| - Net change in fair value of equity investments at FVOCI | 377 | (2,180) | 377 | (2,180) |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> | | | | |
| - Net change in fair value of debt investments at FVOCI | 16,151 | (51,197) | 16,151 | (51,197) |
| - Foreign currency translation differences | (63) | (38) | – | – |
| Share of other comprehensive income of associate | 42 | 104 | – | – |
| Tax on other comprehensive income | (3,207) | 9,933 | (3,207) | 9,933 |
| Other comprehensive income for the year, net of tax | 13,300 | (43,378) | 13,321 | (43,444) |
| Total comprehensive income for the year | 192,046 | 131,217 | 197,205 | 120,594 |
| Attributable to: | | | | |
| Equity holders of the Bank | 192,046 | 131,217 | 197,205 | 120,594 |
| Total comprehensive income for the year | 192,046 | 131,217 | 197,205 | 120,594 |

Statements of Financial Position
As at 31 December 2023

| | Group | | Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2023 BS'000 | 2022 BS'000 | 2023 BS'000 | 2022 BS'000 |
| Assets | | | | |
| Cash and cash equivalents | 2,002,117 | 2,999,315 | 2,004,962 | 2,998,853 |
| Balances with Brunei Darussalam Central Bank | 512,770 | 556,603 | 470,826 | 518,660 |
| Placements with and financing and advances to banks | 1,028,516 | 1,533,155 | 1,692,025 | 1,976,347 |
| Government sukus | 9,859 | 97,332 | 9,859 | 97,332 |
| Investments | 1,414,646 | 1,401,781 | 1,414,646 | 1,401,781 |
| Derivative financial assets | 67,839 | 136,613 | 67,839 | 136,613 |
| Financing and advances | 4,952,429 | 4,282,642 | 4,145,225 | 3,541,522 |
| Finance lease receivables | 12,497 | 12,529 | 12,497 | 12,529 |
| Investments in subsidiaries | – | – | 32,844 | 32,844 |
| Investments in associate and joint ventures | 31,001 | 49,745 | 7,080 | 22,358 |
| Other assets | 223,515 | 361,405 | 255,086 | 387,065 |
| Property and equipment | 98,027 | 94,885 | 77,992 | 76,993 |
| Investment property | 20,270 | 21,458 | 20,270 | 21,458 |
| Deferred tax assets | 9,537 | 12,628 | 9,700 | 12,592 |
| Assets held for sale | 30,524 | – | 15,278 | – |
| Total assets | 10,413,547 | 11,560,091 | 10,236,129 | 11,236,947 |
| Liabilities and equity | | | | |
| Deposits from customers | 8,121,271 | 9,329,368 | 8,022,020 | 9,229,972 |
| Deposits from banks and other financial institutions | 329,327 | 406,047 | 376,936 | 322,395 |
| Placements from other financial institutions | 184,569 | – | 184,569 | – |
| Derivative financial liabilities | 15,710 | 15,569 | 15,710 | 15,569 |
| Other liabilities | 351,360 | 475,282 | 349,794 | 464,679 |
| Zakat | 8,612 | 3,882 | 8,612 | 3,882 |
| Provision for taxation | 43,412 | 36,597 | 38,333 | 31,394 |
| Total liabilities | 9,054,261 | 10,266,745 | 8,995,974 | 10,067,891 |

Statements of Financial Position (Cont'd)
As at 31 December 2023

| | Group | | Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2023 BS'000 | 2022 BS'000 | 2023 BS'000 | 2022 BS'000 |
| Equity | | | | |
| Share capital | 507,325 | 507,325 | 507,325 | 507,325 |
| Statutory reserves fund | 591,175 | 581,819 | 544,510 | 535,316 |
| Other reserves | 260,786 | 204,202 | 188,320 | 126,415 |
| Total equity attributable to equity holders of the Bank | 1,359,286 | 1,293,346 | 1,240,155 | 1,169,056 |
| Total equity | 1,359,286 | 1,293,346 | 1,240,155 | 1,169,056 |
| Total liabilities and equity | 10,413,547 | 11,560,091 | 10,236,129 | 11,236,947 |

Statement of Changes in Equity
Year ended 31 December 2023

| Group | Share capital BS'000 | Statutory reserves fund BS'000 | Fair value reserve BS'000 | Other reserves | | Total shareholders' funds BS'000 |
|---|-------------------------|-----------------------------------|------------------------------|--|----------------------------|-------------------------------------|
| | | | | Foreign currency translation reserve BS'000 | Retained profits BS'000 | |
| At 1 January 2023 | 507,325 | 581,819 | (35,682) | (148) | 240,032 | 1,293,346 |
| Profit for the year | – | – | – | – | 178,746 | 178,746 |
| Other comprehensive income | – | – | 13,363 | (63) | – | 13,300 |
| Total comprehensive income for the year | – | – | 13,363 | (63) | 178,746 | 192,046 |
| Transfers to statutory and other reserves | – | 9,356 | – | – | (9,356) | – |
| Transactions with owners of the Bank | | | | | | |
| Contributions and distributions | | | | | | |
| Dividends paid on ordinary shares | – | – | – | – | (126,106) | (126,106) |
| Total contributions and distributions | – | – | – | – | (126,106) | (126,106) |
| At 31 December 2023 | 507,325 | 591,175 | (22,319) | (211) | 283,316 | 1,359,286 |

| Group | Share capital BS'000 | Statutory reserves fund BS'000 | Fair value reserve BS'000 | Other reserves | | Total shareholders' funds BS'000 |
|---|-------------------------|-----------------------------------|------------------------------|--|----------------------------|-------------------------------------|
| | | | | Foreign currency translation reserve BS'000 | Retained profits BS'000 | |
| At 1 January 2022 | 507,325 | 571,971 | 8,465 | (110) | 200,584 | 1,288,235 |
| Profit for the year | – | – | – | – | 174,595 | 174,595 |
| Other comprehensive income | – | – | (43,340) | (38) | – | (43,378) |
| Total comprehensive income for the year | – | – | (43,340) | (38) | 174,595 | 131,217 |
| Transfers to statutory and other reserves | – | 9,848 | (807) | – | (9,041) | – |
| Transactions with owners of the Bank | | | | | | |
| Contributions and distributions | | | | | | |
| Dividends paid on ordinary shares | – | – | – | – | (126,106) | (126,106) |
| Total contributions and distributions | – | – | – | – | (126,106) | (126,106) |
| At 31 December 2022 | 507,325 | 581,819 | (35,682) | (148) | 240,032 | 1,293,346 |

| Bank | Share capital BS'000 | Statutory reserves fund BS'000 | Fair value reserve BS'000 | Retained profits BS'000 | Total BS'000 |
|---|-------------------------|-----------------------------------|------------------------------|----------------------------|-----------------|
| | | | | | |
| At 1 January 2023 | 507,325 | 535,316 | (40,486) | 166,901 | 1,169,056 |
| Profit for the year | – | – | – | 183,884 | 183,884 |
| Other comprehensive income | – | – | 13,321 | – | 13,321 |
| Total comprehensive income for the year | – | – | 13,321 | 183,884 | 197,205 |
| Transfers to statutory and other reserves | – | 9,194 | – | (9,194) | – |
| Transactions with owners of the Bank | | | | | |
| Contributions and distributions | | | | | |
| Dividends paid on ordinary shares | – | – | – | (126,106) | (126,106) |
| Total contributions and distributions | – | – | – | (126,106) | (126,106) |
| At 31 December 2023 | 507,325 | 544,510 | (27,165) | 215,485 | 1,240,155 |

| Bank | Share capital BS'000 | Statutory reserves fund BS'000 | Fair value reserve BS'000 | Retained profits BS'000 | Total BS'000 |
|---|-------------------------|-----------------------------------|------------------------------|----------------------------|-----------------|
| | | | | | |
| At 1 January 2022 | 507,325 | 527,114 | 3,765 | 136,364 | 1,174,568 |
| Profit for the year | – | – | – | 164,038 | 164,038 |
| Other comprehensive income | – | – | (43,444) | – | (43,444) |
| Total comprehensive income for the year | – | – | (43,444) | 164,038 | 120,594 |
| Transfers to statutory and other reserves | – | 8,202 | (807) | (7,395) | – |
| Transactions with owners of the Bank | | | | | |
| Contributions and distributions | | | | | |
| Dividends paid on ordinary shares | – | – | – | (126,106) | (126,106) |
| Total contributions and distributions | – | – | – | (126,106) | (126,106) |
| At 31 December 2022 | 507,325 | 535,316 | (40,486) | 166,901 | 1,169,056 |

Statements of Cash Flows
Year ended 31 December 2023

| | Group | | Bank | |
|---|------------------|------------------|------------------|------------------|
| | 2023 BS'000 | 2022 BS'000 | 2023 BS'000 | 2022 BS'000 |
| Cash flows from operating activities | | | | |
| Profit before zakat and tax | 221,028 | 192,556 | 221,453 | 183,283 |
| Adjustments for: | | | | |
| Dividend income from subsidiaries | – | – | (23,000) | (28,154) |
| Dividend income from associate | – | – | (524) | (987) |
| Allowance for impairment on financing and advances made | 8,252 | 3,246 | 7,962 | 2,710 |
| Allowance for impairment on receivables made | 2,276 | 2,473 | 2,276 | 2,473 |
| Change in fair value of derivatives and investments | 34,335 | 9,293 | 34,335 | 9,293 |
| Depreciation/amortisation of property and equipment and investment property | 19,170 | 16,696 | 15,140 | 14,448 |
| Allowance for impairment on investments reversed | (971) | (3,471) | (993) | (3,415) |
| Loss on disposal of property and equipment | 584 | 82 | – | – |
| Share of profits of associate and joint ventures | (12,263) | (3,937) | – | – |
| | 272,411 | 216,938 | 256,649 | 179,651 |
| Changes in: | | | | |
| Deposits from customers | (1,223,452) | 988,885 | (1,223,307) | 997,250 |
| Deposits from banks and other financial institutions | (76,720) | (174,501) | 54,541 | (170,270) |
| Other liabilities | (122,518) | 330,818 | (114,002) | 330,175 |
| Balances with Brunei Darussalam Central Bank | 43,834 | (64,561) | 47,834 | (66,317) |
| Placements with and financing and advances to banks | 517,512 | (391,054) | 297,218 | (391,054) |
| Government sukuks | 87,473 | (37,346) | 87,473 | (37,346) |
| Investments | 24,594 | (361,774) | 24,594 | (361,774) |
| Placements from other financial institutions | 184,569 | (113,775) | 184,569 | (113,775) |
| Financing and advances | (673,017) | (118,447) | (606,643) | (101,800) |
| Other assets | 137,448 | (319,271) | 132,010 | (347,088) |
| | (827,866) | (44,088) | (859,064) | (82,348) |
| Zakat paid | – | (3,123) | – | (3,123) |
| Taxes paid | (29,445) | (30,537) | (24,806) | (23,958) |
| Net cash used in operating activities | (857,311) | (77,748) | (883,870) | (109,429) |
| Cash flows from investing activities | | | | |
| Proceeds from sale of property and equipment | 976 | 1,871 | 9 | – |
| Purchase of property and equipment | (20,965) | (20,818) | (13,734) | (15,691) |
| Acquisition of investment property | (12) | (589) | (12) | (589) |
| Dividend received from subsidiaries | – | – | 23,000 | 28,154 |
| Dividend received from associate | 524 | 987 | 524 | 987 |
| Net cash (used in)/generated from investing activities | (19,477) | (18,549) | 9,787 | 12,861 |
| Cash flows from financing activities | | | | |
| Dividends paid | (126,106) | (126,106) | (126,106) | (126,106) |
| Payment of lease liabilities | (4,049) | (4,214) | (3,447) | (3,346) |
| Net cash used in financing activities | (130,155) | (130,320) | (129,553) | (129,452) |
| Net change in cash and cash equivalents | (1,006,943) | (226,617) | (1,003,636) | (226,020) |
| Cash and cash equivalents at 1 January | 2,999,315 | 3,264,565 | 2,998,853 | 3,263,506 |
| Effect of exchange rate fluctuations on cash and cash equivalents held | 9,745 | (38,633) | 9,745 | (38,633) |
| Cash and cash equivalents at 31 December | 2,002,117 | 2,999,315 | 2,004,962 | 2,998,853 |

CERTIFICATION:

We, the undersigned, being the Managing Director and Chief Executive Officer, and the Chief Financial Officer of Bank Islam Brunei Darussalam Berhad certify jointly that:-

- The above accounts and statements have been prepared in accordance with International Financial Reporting Standards.
- The information contained in these statements has been extracted from the audited financial accounts and statements.

Junaidi bin Hj Masri
Managing Director and Chief Executive Officer
Date: 22 March 2024

Tan Pheng Leong
Chief Financial Officer
Date: 22 March 2024

Independent Auditors' Report

To the Shareholders of Bank Islam Brunei Darussalam Berhad

Report on the Audit of the Consolidated Financial Statements
Opinion

We have audited the consolidated financial statements of Bank Islam Brunei Darussalam Berhad ('the Bank') and its subsidiaries ('the Group'), which comprise the statements of financial position of the Group and Bank as at 31 December 2023, the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Bank for the year then ended, and notes to the financial statements, comprising material accounting policy information and other explanatory information as set out on pages FS1 to FS128.

In our opinion, the accompanying consolidated financial statements are properly drawn up in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 ('the Act'), Islamic Banking Order, 2008 ('the Order') and IFRS Accounting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standards'), so as to give a true and fair view of the financial positions of the Group and of the Bank as at 31 December 2023, and of the financial performances and cash flows of the Group and of the Bank for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Brunei Darussalam, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises all information in the annual report other than the consolidated financial statements and our auditors' report thereon.

We have obtained the Directors' Report, the Statement by Directors and Shariah Advisory Body Report prior to the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the Act and IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG
Certified Public Accountants

Sufian bin Zainul Abidin
Public Accountant

Brunei Darussalam
Date: 22 March 2024