

PILLAR 3 DISCLOSURE

Dec 31, 2025

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1 SCOPE OF APPLICATION

The Pillar 3 Disclosure is prepared on a bank solo as well as on a consolidated basis of the Group, i.e. the Bank (“Baiduri Bank Sendirian Berhad”) and its subsidiaries (“Baiduri Finance Berhad” & “Baiduri Capital Sdn Bhd”). The financial statements of the Bank and the Group have been prepared in accordance with the Brunei Darussalam Companies Act, Chapter. 39, the Brunei Darussalam Banking Act (Chapter 95) and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

2 OVERVIEW OF KEY PRUDENTIAL METRICS AND RWA

2.1 Key Metrics

| | | Dec 2025 | Sep 2025 | Jun 2025 | Mar 2025 | Dec 2024 |
|---|---|-----------|-----------|-----------|-----------|-----------|
| | Bank | B\$'000 | B\$'000 | B\$'000 | B\$'000 | B\$'000 |
| | Available capital | | | | | |
| 1 | Tier 1 | 697,436 | 638,438 | 637,313 | 636,268 | 635,271 |
| 2 | Total Capital | 660,998 | 604,604 | 601,725 | 602,942 | 599,496 |
| | Risk-weighted assets | | | | | |
| 3 | Total risk-weighted assets (RWA) | 2,853,650 | 2,869,074 | 2,653,766 | 2,513,309 | 2,477,337 |
| | Risk-based capital ratios as a percentage of RWA | | | | | |
| 4 | Tier 1 ratio (%) | 24.44% | 22.25% | 24.02% | 25.32% | 25.64% |
| 5 | Total capital ratio (%) | 23.16% | 21.07% | 22.67% | 23.99% | 24.20% |

| | | Dec 2025 | Sep 2025 | Jun 2025 | Mar 2025 | Dec 2024 |
|---|---|-----------|-----------|-----------|-----------|-----------|
| | Group | B\$'000 | B\$'000 | B\$'000 | B\$'000 | B\$'000 |
| | Available capital | | | | | |
| 1 | Tier 1 | 816,859 | 759,981 | 758,617 | 757,345 | 756,077 |
| 2 | Total Capital | 831,602 | 780,253 | 777,473 | 778,548 | 773,127 |
| | Risk-weighted assets | | | | | |
| 3 | Total risk-weighted assets (RWA) | 3,551,379 | 3,576,656 | 3,371,031 | 3,229,029 | 3,202,821 |
| | Risk-based capital ratios as a percentage of RWA | | | | | |
| 4 | Tier 1 ratio (%) | 23.00% | 21.25% | 22.50% | 23.45% | 23.61% |
| 5 | Total capital ratio (%) | 23.42% | 21.82% | 23.06% | 24.11% | 24.14% |

2.2 Overview of Risk Weighted Assets (RWA)

| | | Risk-weighted Assets | | Minimum Capital Requirements |
|---|---|----------------------|------------------|------------------------------|
| | | Dec 2025 | Sep 2025 | |
| | | B\$'000 | B\$'000 | B\$,000 |
| | Bank | | | |
| 1 | Credit risk (Standardised) | 2,492,499 | 2,526,735 | 249,250 |
| 2 | Market risk (Standardised) | 2,035 | 12,158 | 204 |
| 3 | Operational risk (Basic indicator Approach) | 359,116 | 330,181 | 35,912 |
| 4 | Total | 2,853,650 | 2,869,074 | 285,365 |
| | Group | | | |
| 1 | Credit risk (Standardised) | 3,127,893 | 3,169,683 | 312,789 |
| 2 | Market risk (Standardised) | 1,779 | 11,479 | 178 |
| 3 | Operational risk (Basic indicator Approach) | 421,707 | 395,494 | 42,171 |
| 4 | Total | 3,551,379 | 3,576,656 | 355,138 |

3 COMPOSITION OF CAPITAL
3.1 Composition of Regulatory Capital as of Dec 31, 2025

| | Bank | Group |
|--|------------------|------------------|
| | B\$'000 | B\$'000 |
| Tier 1 capital: Instruments and reserves | 697,436 | 816,859 |
| 1 Paid-up Ordinary Shares/Assigned Capital (after deduction of holdings of own capital) | 180,000 | 180,000 |
| 2 Non-Cumulative, Non-Redeemable Preference Shares | - | - |
| 3 Share Premium | - | - |
| 4 Statutory Reserve Fund | 207,248 | 258,813 |
| 5 Published Retained Profits/(Accumulated Losses) | 305,034 | 372,892 |
| 6 General Reserves | 5,154 | 5,154 |
| 7 Fair Value Reserves | - | - |
| 8 Tier 1 capital before regulatory adjustments | 697,436 | 816,859 |
| 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 Tier 1 Capital | - | - |
| 15 Tier 1 capital | 697,436 | 816,859 |
| Tier 2 capital: instruments and provisions | - | - |
| 16 General Credit Loss Reserves (Capped at 1.25% of Credit Risk) | 11,511 | 14,743 |
| 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 | 11,511 | 14,743 |
| Tier 2 capital: regulatory adjustments | - | - |
| 20 Reciprocal cross-holdings 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) | 11,511 | 14,743 |
| 24 Allowable Supplementary Capital (Tier 2 Capital) | 11,511 | 14,743 |
| 25 Sub-Total of Tier 1 and Tier 2 Capital | 708,947 | 831,602 |
| 26 Deductions/Adjustments 3 to total Amount of Tier 1 and Tier 2 Capital | 47,949 | - |
| 27 Significant Investments in Banking, Securities and other Financial Entities | - | - |
| 28 Significant Investments in Insurance, Entities & Subsidiary | 47,949 | - |
| 29 Significant Investments in Commercial Entities | - | - |
| 30 Securitisation Exposures (Rated B or Below and Unrated) | - | - |
| 31 Re-securitisation Exposures (Rated B+ or Below and Unrated) | - | - |
| 32 Total regulatory capital (TC = T1 + T2) | 660,998 | 831,602 |
| 33 Total risk-weighted assets | 2,853,650 | 3,551,379 |
| Capital ratios | | |
| 34 Tier 1 (as a percentage of risk-weighted assets) | 24.44% | 23.00% |
| 35 Total capital (as a percentage of risk-weighted assets) | 23.16% | 23.42% |

3.2 Capital Adequacy

The regulator, Brunei Darussalam Central Bank (“BDCB”) sets and monitors capital requirements for the Group. In order to assess the Group’s capital requirement, direction is taken from BDCB’s Notice No. BU/N-3/2017/38 “ Maintenance of Capital Adequacy Ratio” as well as Notice No.BU/N-9/2018/59 “Supervisory Review and Evaluation Process”. On top of the regulatory Capital Adequacy Ratio requirement, BDCB has designated the bank as a Domestic Systemically Important Bank (“D-SIB”) where the bank is subject to Higher Loss Absorbency Requirements (“HLA”) in the form of additional capital.

The Group’s policy is to ensure the financial and capital position remains robust to strengthen the capital base in order to maintain investor, creditor and market confidence and to meet its strategic objectives as well as maintain resiliency against stress events and unexpected losses. The impact of the level of capital on shareholders’ return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group’s overall strategy remains unchanged from the previous financial year.

The capital structure of the Group consists of equity of the Bank and its subsidiaries (comprising issued capital, reserves, and retained earnings).

The Group has complied with all imposed capital requirements for the financial years ended December 31, 2024 and 2025. Management monitors capital based on “capital funds” as defined under the Brunei Darussalam Banking Act (Chapter 95).

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (“ICAAP”)

Under the current regulatory framework, capital requirements are divided into two pillars:

- Pillar 1 – defined by a set of mathematical formulas prescribed by the regulator to calculate Risk Weighted Assets (“RWAs”) for Credit Risk, Market Risk and Operational Risk. The minimum capital requirement is 10% of the total RWAs.
- Pillar 2 – contains a framework to assess the risks to which the Group is exposed as well as the risk management processes in place to avoid, manage and mitigate those risks. It requires an evaluation of capital adequacy relative to its risks; and considers the potential impact on earnings and capital from stress events.

While Pillar 1 entails the calculation of capital requirements based on uniform rules for all banking groups operating in Brunei Darussalam, the ICAAP under Pillar 2 takes into account the individual characteristics of a given institution and covers all relevant risk types, including risks not addressed under Pillar 1.

The Group's approach to calculate its own internal capital requirements has been to take the minimum capital required for Risk Weighted Assets under Pillar 1 as the starting point, assess whether this is sufficient to cover the risks, and then identify other risks and assess prudent levels of capital to meet them. Various stress scenarios and methodologies have been employed to measure and assess Pillar 2 capital requirements for each key risk type.

Quantitative disclosures on the Group's capital adequacy can be found in page 48 of the Consolidated Financial Statements.

4 LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

4.1 Explanations of differences between accounting and regulatory exposure amounts

The Group has an established framework and methodology used for assessing the condition of individual credits and timely recognition of Expected Credit Losses in accordance with IFRS 9 and BDCB Prudential Measures of Asset Quality. There are no differences reported in published financial statements and regulatory consolidation with exception below:-

- Stage 1 ECL which is classified under Tier 2 Capital while this is reported at net of loan advances under our financial statements.
- Investment in subsidiaries is deducted from Tier 1 Capital.

4.2 Differences between accounting and regulatory scopes for Bank as of Dec 31, 2025

| Bank as of Dec 31, 2025 | | | | | | |
|--|----------------------------------|---|---|--------------------------------------|--|------------------|
| Carrying values as reported in published financial statements and regulatory consolidation | Carrying values of items: | | | | | |
| | Subject to credit risk framework | Subject to counterparty credit risk framework | Subject to the Securitization framework | Subject to the market risk framework | Not subject to capital requirements or subject to deduction from capital | |
| Assets | | | | | | |
| Cash and balances with banks and other financial institutions | 796,478 | 796,478 | 551,578 | - | 72,585 | - |
| Balances with BDCB | 168,520 | 168,520 | - | - | - | - |
| Items in the course of collection from other banks | - | - | - | - | - | - |
| Trading portfolio assets | - | - | - | - | - | - |
| Financial assets designated at fair value | 205,907 | 205,907 | - | - | 290 | - |
| Debt securities | 967,479 | 967,479 | - | - | 39,474 | - |
| Government sukuk | 9,909 | 9,909 | - | - | - | - |
| Derivatives financial instruments | 2,032 | 2,032 | - | - | 1,977 | - |
| Loans and advances to banks | - | - | - | - | - | - |
| Loans and advances to customers | 1,994,021 | 2,005,532 | - | - | 370,818 | (11,511) |
| Group Balances Receivable | 960 | - | - | - | - | - |
| Investments in subsidiaries | 47,949 | - | - | - | - | 47,949 |
| Reverse and repurchase agreements and other similar secured lending | - | - | - | - | - | - |
| Available for sale financial investments | - | - | - | - | - | - |
| Other Assets | 11,091 | 11,091 | - | - | 2 | - |
| Right-of-use assets | 3,253 | 3,253 | - | - | - | - |
| Property, plant and equipment | 61,778 | 61,778 | - | - | - | - |
| Total Assets | 4,269,377 | 4,231,979 | 551,578 | - | 485,146 | 36,438 |
| Liabilities | | | | | | |
| Deposits from banks | 213,343 | - | - | - | - | 213,343 |
| Items in the course of collection due to other banks | - | - | - | - | - | - |
| Customer accounts | 3,210,716 | - | - | - | 237,252 | 3,210,716 |
| Repurchase agreements and other similar secured borrowings | - | - | - | - | - | - |
| Trading portfolio liabilities | - | - | - | - | - | - |
| Financial liabilities designated at fair value | - | - | - | - | - | - |
| Derivatives financial instruments | 1,004 | - | - | - | 3 | - |
| Borrowings | - | - | - | - | - | - |
| Lease liabilities | 3,230 | - | - | - | - | 3,230 |
| Group balances payable | - | - | - | - | - | - |
| Other liabilities | 87,242 | - | - | - | 19,404 | 87,242 |
| Deferred taxation | 2,974 | - | - | - | - | 2,974 |
| Provision for taxation | 18,432 | - | - | - | - | 18,432 |
| Total Liabilities | 3,536,941 | - | - | - | 256,659 | 3,535,937 |

4.3 Differences between accounting and regulatory scopes for Group as of Dec 31, 2025

| | Group as of Dec 31, 2025 | | | | | |
|---|--|----------------------------------|---|---|--------------------------------------|--|
| | Carrying values as reported in published financial statements and regulatory consolidation | Carrying values of items: | | | | |
| | | Subject to credit risk framework | Subject to counterparty credit risk framework | Subject to the securitization framework | Subject to the market risk framework | Not subject to capital requirements or subject to deduction from capital |
| Assets | | | | | | |
| Cash and balances with banks and other financial institutions | 596,962 | 596,962 | 551,578 | - | 19,769 | - |
| Balances with BDCB | 217,307 | 217,307 | - | - | - | - |
| Items in the course of collection from other banks | - | - | - | - | - | - |
| Trading portfolio assets | - | - | - | - | - | - |
| Financial assets designated at fair value | 205,907 | 205,907 | - | - | - | - |
| Debt securities | 967,479 | 967,479 | - | - | 50,229 | - |
| Government sukuk | 9,909 | 9,909 | - | - | - | - |
| Derivatives financial instruments | 2,032 | 2,032 | - | - | 55 | - |
| Loans and advances to banks | - | - | - | - | - | - |
| Loans and advances to customers | 2,896,490 | 2,911,233 | - | - | 179,148 | (14,743) |
| Reverse and repurchase agreements and other similar secured lending | - | - | - | - | - | - |
| Available for sale financial investments | - | - | - | - | - | - |
| Other assets | 44,609 | 44,609 | - | - | - | - |
| Right-of-use assets | 7,208 | 7,208 | - | - | - | - |
| Property, plant and equipment | 63,028 | 63,028 | - | - | - | - |
| Total Assets | 5,010,931 | 5,025,674 | 551,578 | - | 249,201 | (14,743) |
| Liabilities | | | | | | |
| Deposits from banks | 42,957 | - | - | - | - | 42,957 |
| Items in the course of collection due to other banks | - | - | - | - | - | - |
| Customers' accounts | 3,971,032 | - | - | - | 51,305 | 3,971,032 |
| Repurchase agreements and other similar secured borrowings | - | - | - | - | - | - |
| Trading portfolio liabilities | - | - | - | - | - | - |
| Financial liabilities designated at fair value | - | - | - | - | - | - |
| Derivatives financial instruments | 1,004 | - | - | - | 1,001 | - |
| Borrowings | - | - | - | - | - | - |
| Lease liabilities | 7,436 | - | - | - | - | 7,436 |
| Other liabilities | 96,349 | - | - | - | 1,222 | 96,349 |
| Deferred taxation | 3,021 | - | - | - | - | 3,020 |
| Provision for taxation | 37,274 | - | - | - | - | 37,275 |
| Total Liabilities | 4,159,073 | - | - | - | 53,528 | 4,158,069 |

4.4 Main sources of differences between regulatory exposure amounts and carrying values for Bank as of Dec 31, 2025

| | | Bank as of Dec 31, 2025 | | | | |
|---|--|-------------------------|-----------------------|--------------------------|------------------------------------|-----------------------|
| | | Total | Items subject to: | | | |
| | | | Credit risk framework | Securitization framework | Counterparty credit risk framework | Market risk framework |
| 1 | Asset carrying value amount under scope of regulatory consolidation (as per template LI) | 4,257,866 | 4,231,979 | - | 551,578 | 485,146 |
| 2 | Liabilities carrying value amount under regulatory scope of consolidation (as per template LI) | (256,659) | - | - | - | (256,659) |
| 3 | Total net amount under regulatory scope of consolidation (Row 1 - Row 2) | 4,001,207 | 4,231,979 | - | 551,578 | 228,487 |
| 4 | Off-balance sheet amounts | 1,773,193 | 228,746 | - | - | (230,522) |
| 5 | <i>Differences in valuations</i> | - | - | - | - | - |
| 6 | <i>Differences due to different netting rules, other than those already included in row 2</i> | - | - | - | - | - |
| 7 | <i>Differences due to consideration of provisions</i> | - | - | - | - | - |
| 8 | <i>Differences due to prudential filters</i> | - | - | - | - | - |
| 9 | Exposure amounts considered for regulatory purposes | 5,774,400 | 4,460,725 | - | 551,578 | (2,035) |

4.5 Main sources of differences between regulatory exposure amounts and carrying values for Group as of Dec 31, 2025

| | | Group as of 31 Dec 2025 | | | | |
|---|--|-------------------------|-----------------------|--------------------------|------------------------------------|-----------------------|
| | | Total | Items subject to: | | | |
| | | | Credit risk framework | Securitization framework | Counterparty credit risk framework | Market risk framework |
| 1 | Asset carrying value amount under scope of regulatory consolidation (as per template LI) | 4,996,188 | 5,025,674 | - | 551,578 | 249,201 |
| 2 | Liabilities carrying value amount under regulatory scope of consolidation (as per template LI) | (53,528) | - | - | - | (53,528) |
| 3 | Total net amount under regulatory scope of consolidation (Row 1 - Row 2) | 4,942,660 | 5,025,674 | - | 551,578 | 195,673 |
| 4 | Off-balance sheet amounts | 1,773,193 | 228,746 | - | - | (193,894) |
| 5 | <i>Differences in valuations</i> | - | - | - | - | - |
| 6 | <i>Differences due to different netting rules, other than those already included in row 2</i> | - | - | - | - | - |
| 7 | <i>Differences due to consideration of provisions</i> | - | - | - | - | - |
| 8 | <i>Differences due to prudential filters</i> | - | - | - | - | - |
| 9 | Exposure amounts considered for regulatory purposes | 6,715,853 | 5,254,420 | - | 551,578 | 1,779 |

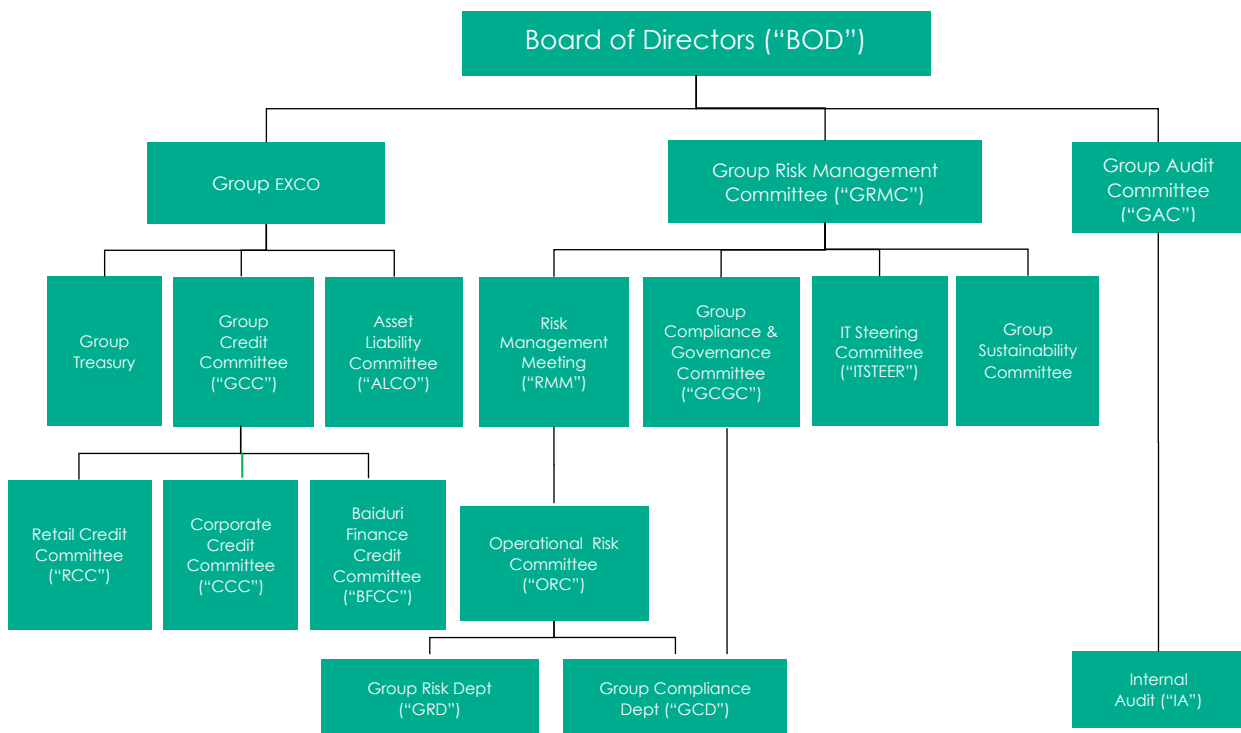
5 OVERVIEW OF RISK MANAGEMENT

5.1 Risk Management Approach

The Group recognises that a robust risk management framework is critical to support continued business expansion as well as sustainable growth in shareholder value. The Group Risk Management Committee (“GRMC”) is established as a Board sub-committee to assist the Board of Directors in fulfilling its oversight responsibilities for the Group’s risk management framework and the Group’s corporate risk structure including the strategies, policies, processes, procedures, and systems established by the Senior Management to identify, assess, measure, manage, and monitor the Group’s significant financial, operational, and other risk exposures. The GRMC monitors the Group’s key risks, assisted by the Risk Management Meeting (“RMM”), through a comprehensive risk monitoring and assessment framework, covering twelve key risk areas including strategic, capital, earnings, funding & liquidity, market, asset quality, diversification, technology & operations, people, compliance and reputational risks.

Senior Management committees have been established and delegated authority for overseeing the day-to-day management of various risks. These include the Group Credit Committee (“GCC”), Asset and Liability Committee (“ALCO”) and the Operational Risk Committee (“ORC”).

5.2 Governance Framework



5.3 Three Lines of Defence

The Group adopts Three Lines of Defence (“LoD”) approach towards risk management. Each LoD has different responsibilities for managing the risk and therefore different actions.

Individual business lines and support functions act as the first line of defence and are responsible and accountable for identifying, measuring, assessing, mitigating, controlling, monitoring, reporting and ensuring activities are conducted in alignment with the Group’s risk appetite. They are also required to ensure adherence to various policies and procedures including ensuring compliance with internal limits as well as laws and banking regulations.

The Group Risk Department acts as a second line of defence and is responsible for overseeing the Group’s risk-taking activities and assessing risks and issues independently from the business line.

The Group Compliance Department also forms part of the second line of defence in ensuring adherence to applicable laws, regulations and internal policies with the responsibility on identification, assessment, mitigation, monitoring and reporting of the Group’s compliance risks.

Internal audit evaluates the effectiveness of the Group’s overall risk management framework, as well as providing independent review and objective assurance on the quality and effectiveness of the Group’s internal. The Group Internal Audit is independent and reports directly to the Group Audit Committee.

5.4 Risk Management Information

The Group maintains Risk Management Information with adequate technological support and processing capacity to effectively capture, aggregate and report on the risks of its activities. Risk management information reports cover all material risk areas (e.g., credit, operational, funding, liquidity, operational, reputation and strategic risks) and provide information in respect of risk concentrations, adherence to risk appetite and risk limits and forward-looking assessment of risks. Risk management reports should also provide information relating to regulatory ratios and their projections.

5.5 Risk Appetite Statement

The Risk Appetite Statement of the Group identifies the key risks and expresses the maximum tolerance of such risks that the Group is prepared to take in order to achieve its strategic objectives. The Group’s performance against Risk Appetite limits shall be observed and senior management is expected to have strong regard to the Risk Appetite Statement in its decision-making process. A breach of Risk Appetite Limits shall be escalated to the Board accompanied by a detailed management action plan to address such breach.

5.6 Risk Strategy

The Group establishes the Group Risk Strategy which defines the level of risk the Group is willing to assume under normal and stressed business conditions and to establish objectives guiding the Group's Risk taking activities. The level of risk is aligned with objectives of business units by setting out limits and tolerance levels. Risk strategy is reviewed on an annual basis to ensure that the Group's business objectives including profitability and growth targets are consistent with risk tolerance, governance and diversification objectives.

5.7 Stress Testing

The Group establishes adequate systems and capability to measure the sensitivity of earnings to a change in various risk factors and conduct stress tests to identify possible events or market changes that could have serious adverse effects or a significant impact on their overall risk profiles and financial positions. These stress tests address existing or potential risk concentrations and facilitate the development of risk mitigating measures or contingency plans across a range of stressed conditions.

The sensitivity analyses and stress tests are conducted regularly on major business activities, and on a group-wide basis. Stress scenarios are forward-looking and include risk factors that can significantly affect the Group, individual business units or functions. The output of stress-tests shall be presented to the GRMC.

6 LIQUIDITY RISK

6.1 Liquidity Risk Management

Funding & liquidity risk is defined as the current and prospective risk to earnings, shareholder funds or reputation arising from the Group’s inability to efficiently meet present and future funding needs or regulatory obligations when they are due, which may adversely affect our daily operations and incur unacceptable losses.

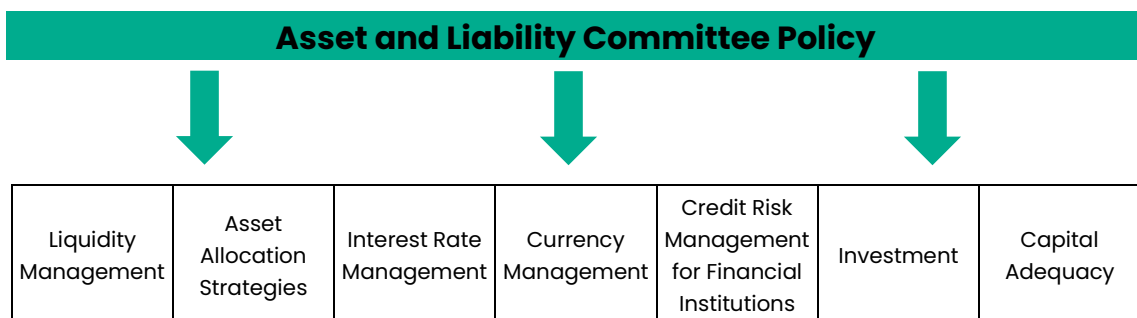
The Group ensures that it maintains sufficient liquidity, including a cushion of liquid assets, to meet business as usual (BAU) outflows, to remain above regulatory requirements as well as to withstand initial stages of liquidity stress events. The Group primarily relies on stable funding sources to meet the requirements of its balance sheet composition and ensure effective diversification of such sources.

The key elements of the Group’s liquidity strategy are as follows:

- 1) Maintaining a diversified funding base consisting of customer deposits (both retail and corporate) and wholesale market deposits, as well as maintaining contingency facilities with other banks;
- 2) Carrying a portfolio of highly liquid assets, diversified by currency and maturity;
- 3) Monitoring liquidity ratios, maturity mismatches and behavioural characteristics of the Group’s financial assets and liabilities.

Various limits are established to define parameters for the deployment of excess funds. These limits are approved by EXCO, or where appropriate, input to be contributed and shared at the GRMC. For day-to-day management of the treasury activities, the EXCO is further supported by the ALCO.

ALCO is a management level committee for monitoring the Baiduri Bank Group’s assets and liabilities strategies as well as providing guidelines for all business and operational related proposals to mitigate and gauging the acceptable level of risks which may adversely affect the Bank’s ability to achieve its operating objectives. This includes assessing the Group’s profile of sources of funding is aligned with liquidity risk strategy.



Group Treasury ensures appropriate process and controls are in place to ensure that there is sufficient intraday liquidity to meet all payment and settlement obligations on a timely basis under both normal and stressed conditions. The Group monitors the Net Stable Funding Ratio (“NSFR”) and Liquidity Coverage Ratio (“LCR”) of both the Group level as well as bank and its finance subsidiary on a solo basis, in order to ensure a stable and sustainable funding structure with assessment of funding risk across its balance sheet.

Group Risk is operationally independent with authority to challenge Group Treasury and oversees periodic stress testing exercises including liquidity stress scenarios. Outputs of stress testing support setting of sufficient liquidity cushion, composition of liquid assets and development of recovery measures.

6.2 Contingency Funding Plan

The Group’s Contingency Funding Plan (“CFP”) acts as a guide to manage its liquidity and funding requirements during a liquidity crisis. The CFP shall act as response plan for sustaining the funding needs and sources under any future emergencies which may arise from domestic or global adverse market scenarios.

Objectives of the CFP are:

- To set out strategies in addressing liquidity shortfalls during emergency situations,
- Ensuring stability and minimal disruptions to Treasury operations in managing the liquidity and funding requirements of the Group,
- Identifying and monitoring indicators that may trigger the implementation of the CFP,
- To list the contingent liquidity sources and methods to be explored for mitigation or minimising impact of severe losses in liquidity or funding, and
- Establish action plans and responsibilities in managing a liquidity crisis.

6.3 Recovery Plan

The Group’s Recovery Plan (“RP”) is a regulatory establishes measures to restore the Group’s capital, asset quality and liquidity to a stable and viable under a severe stress scenario.

Various idiosyncratic and systemic stress scenarios are considered as part of the recovery planning process including:

- 1) Credit Crisis
- 2) Liquidity Crisis
- 3) Oil Price Shock
- 4) Global Pandemic
- 5) Cybercrime Scenario
- 6) Combined Scenario

Recovery Plan Measures are broadly categorised as follows:

- Capital Recovery Measures
- Asset Quality Recovery Measures
- Liquidity Recovery Measures

6.4 Liquidity Risk Management

Maturity Analysis for financial assets and liabilities

The table below set out the remaining contractual maturities of the Bank and the Group's financial asset and financial liabilities.

| Bank | Carrying Amount B\$'000 | Gross Nominal Inflow/ (Outflow) B\$'000 | Less than 3 months B\$'000 | 3-6 months B\$'000 | 6-12 months B\$'000 | 1-3 years B\$'000 | 3-5 years B\$'000 | Over 5 years B\$'000 |
|---|----------------------------|---|-------------------------------|-----------------------|------------------------|----------------------|----------------------|-------------------------|
| 2025 | | | | | | | | |
| Non-Derivative Assets | | | | | | | | |
| Cash | 29,249 | 29,249 | 29,249 | - | - | - | - | - |
| Balances with banks and other financial institutions and BDCB | 935,749 | 938,252 | 607,502 | 186,478 | 94,800 | 49,472 | - | - |
| Government sukuk | 9,909 | 10,000 | - | - | 10,000 | - | - | - |
| Investment securities | 1,173,386 | 1,213,442 | 406,149 | 148,784 | 367,508 | 134,261 | 106,621 | 50,119 |
| Loans and advances | 1,994,021 | 2,339,376 | 421,629 | 139,745 | 155,761 | 674,764 | 616,432 | 331,045 |
| Group Balances Receivable | 960 | 960 | 960 | - | - | - | - | - |
| Other on balance sheet assets | 4,317 | 5,277 | 963 | - | 3,816 | 498 | - | - |
| Total | 4,147,591 | 4,536,556 | 1,466,452 | 475,007 | 631,885 | 858,995 | 723,053 | 381,164 |
| Non-Derivative Liabilities | | | | | | | | |
| Deposits | 3,424,059 | 3,435,971 | 1,218,660 | 462,961 | 740,623 | 1,013,727 | - | - |
| Lease liabilities | 3,230 | 3,230 | 391 | 395 | 736 | 1,418 | 220 | 70 |
| Other on balance sheet liabilities | 87,242 | 87,242 | 17,526 | - | - | 69,716 | - | - |
| Other off balance sheet liabilities | 422,042 | 422,042 | 31,697 | 56,042 | 120,560 | 127,025 | 72,342 | 14,376 |
| Undrawn credit lines | 926,737 | 926,737 | - | - | 926,737 | - | - | - |
| Total | 4,863,310 | 4,875,222 | 1,268,274 | 519,398 | 1,788,656 | 1,211,886 | 72,562 | 14,446 |
| Net liquidity gap | (715,719) | (338,666) | 198,178 | (44,391) | (1,156,771) | (352,891) | 650,491 | 366,718 |
| Derivative Financial | | | | | | | | |
| - Inflow | - | 429,180 | 409,917 | 18,484 | 779 | - | - | - |
| - Outflow | - | (424,415) | (405,314) | (18,331) | (770) | - | - | - |
| Total | - | 4,765 | 4,603 | 153 | 9 | - | - | - |

| Group | Carrying Amount B\$'000 | Gross Nominal Inflow/ (Outflow) B\$'000 | Less than 3 | | | | | Over 5 years B\$'000 |
|--|----------------------------|---|------------------|------------------|--------------------|------------------|----------------|-------------------------|
| | | | months | 3-6 months | 6-12 months | 1-3 years | 3-5 years | |
| | | | B\$'000 | B\$'000 | B\$'000 | B\$'000 | B\$'000 | B\$'000 |
| 2025 | | | | | | | | |
| Non-Derivative Assets | | | | | | | | |
| Cash | 31,744 | 31,744 | 31,744 | - | - | - | - | - |
| Balances with banks, other financial institutions and BDCB | 782,525 | 785,030 | 522,882 | 123,684 | 66,788 | 71,676 | - | - |
| Government sukuk | 9,909 | 10,000 | - | - | 10,000 | - | - | - |
| Investment securities | 1,173,386 | 1,213,442 | 406,149 | 148,784 | 367,508 | 134,261 | 106,621 | 50,119 |
| Loans and advances | 2,896,490 | 3,348,280 | 487,751 | 203,130 | 277,136 | 1,098,572 | 877,143 | 404,548 |
| Other on balance sheet assets | 37,650 | 38,609 | 34,295 | - | 3,816 | 498 | - | - |
| Total | 4,931,704 | 5,427,105 | 1,482,821 | 475,598 | 725,248 | 1,305,007 | 983,764 | 454,667 |
| Non-Derivative Liabilities | | | | | | | | |
| Deposits | 4,013,989 | 4,028,357 | 1,273,130 | 529,217 | 811,033 | 1,414,977 | - | - |
| Lease liabilities | 7,436 | 7,436 | 515 | 514 | 972 | 2,306 | 1,220 | 1,909 |
| Other on balance sheet liabilities | 94,349 | 96,349 | 23,175 | - | - | 73,174 | - | - |
| Other off balance sheet liabilities | 422,042 | 422,042 | 31,697 | 56,042 | 120,560 | 127,025 | 72,342 | 14,376 |
| Undrawn credit lines | 926,737 | 926,737 | - | - | 926,737 | - | - | - |
| Total | 5,466,553 | 5,480,921 | 1,328,517 | 585,773 | 1,859,302 | 1,617,482 | 73,562 | 16,285 |
| Net liquidity gap | (534,849) | (53,816) | 154,304 | (110,175) | (1,134,054) | (312,475) | 910,202 | 438,382 |
| Derivative Financial Instruments | | | | | | | | |
| - Inflow | - | 429,180 | 409,917 | 18,484 | 779 | - | - | - |
| - Outflow | - | (424,415) | (405,314) | (18,331) | (770) | - | - | - |
| Total | - | 4,765 | 4,603 | 153 | 9 | - | - | - |

7 CREDIT RISK

7.1 General Qualitative Information On Credit Risk

Credit risk is the risk of financial losses to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and advances to customers, counterparties and investment debt securities.

Credit risk is diversified across the Group's business lines – Corporate Banking, Institutional Banking Retail Banking, Hire Purchase Financing and Treasury activities. Policies and processes are in place to ensure timely and appropriate recognition of expected credit losses ("ECL"). The Board of Directors, via the Group EXCO has delegated authority to the Group Credit Committee, who is responsible for the approval of lending policies & procedures, product programs, corporate & institutional banking exposures, large retail or hire purchase financing, as well as overseeing the day-to-day management of credit risks. The Group EXCO is directly responsible for overseeing the Group's treasury activities and the associated risks including credit risk.

Credit risk-taking activities are guided by the Group Credit Risk Strategy Statement, which defines the Group's Credit Granting Principles as follows:

- The Group is firmly committed to ensure all credit facilities are granted in compliance with local regulatory rules and regulations.
- The Group generally provides credit facilities to residents of Brunei Darussalam. Similarly, credit facilities are generally only granted to companies incorporated or registered in Brunei Darussalam. Credit exposures outside of Brunei Darussalam require exceptional approval.
- The Group does not provide credit facilities in support of high compliance or reputational risks which include illegal activities, prohibited or unlicensed businesses, or any other activities deemed to pose unacceptable environmental, ethical, social or reputational risk to the Group and the wider community.
- Credit should only be granted when a clear understanding of the borrower, purpose of the facilities and identification of sources of repayment have been established. While collateral is often obtained as a form of credit risk mitigation, it should not be a substitute to ensuring the borrower has the income or equity to support its overall debt burden.
- The Group monitors and manages its concentration risk to groups of connected counterparties as well as overall exposure to various industry sectors through stress testing and application of risk models, as part of developing the Group Recovery Plan.
- The pricing of credit shall consider the overall risks of the borrower and facility, including collateral, as well as the funding and operating costs of the Group in order to ensure an acceptable return on capital.

The Group measures and monitors credit risk through Key Risk Indicators in the monitoring and assessment framework. The framework also includes the monitoring of Treasury-related credit risk indicators and are reported to the Board of Directors, via the GRMC on a quarterly basis.

Corporate risk exposures are graded according to an internal rating scale which is determined by the combination of intrinsic risk of the borrower and the assessment of credit risk mitigants, including the quality and nature of collateral provided. Factors which are considered for the intrinsic risk of the borrower include the industry environment, position within its sector, management capability, financial performance and repayment capacity.

All Corporate & Institutional banking exposures are under the responsibility of the Group Credit Committee, within its delegated limits. Risk is further managed through a set of policies and procedures, which provide for credit criteria, credit assessment, annual review of credit exposures, management of collateral, management of problem accounts as well as independent review of credit files.

Credit risk for retail customers is generally managed on a portfolio level, with credit assessment and approval being guided by product programmes. Product programmes, which are approved by the Group Credit Committee, define the product's target customer segments, customer eligibility and exclusions; as well as the product's parameters in terms of pricing, fees, maximum limits and maximum tenor for both secured and unsecured lending products. Within Retail Banking, the Retail Credit Management department is responsible for the day-to-day credit risk management.

The Group Credit Committee has sub-delegated a small portion of its lending authority to the Corporate Banking, Institutional Banking, Retail Banking and Hire Purchase business-lines. Nevertheless, all credit exposures are individually assessed and approved within a limit authority matrix. Risks are monitored through portfolio delinquency reports, which monitor the distribution of exposures by product, delinquency status and credit rating, including historical trend analysis.

With regards to the Group's treasury activities, authority to approve credit risk limits remains at the Group EXCO level, who have delegated monitoring responsibilities to the Group's ALCO. This covers credit exposures to financial institutions, counterparty and correspondent bank limits, as well as credit risk in the bank's investment portfolio, i.e., bonds / sukuk. Group Treasury is responsible for the day-to-day management of such risks and provides regular updates to ALCO and Group EXCO.

The Group's "Three Lines of Defence" framework also governs the credit risk management process such that Group Risk Department and Group Compliance Department act as second line to ensure independent assessment over credit risk taking activities while Internal Audit provides objective quality assurance over internal controls and processes.

Scope of Key Risk Indicators being reported to Senior Management, GRMC and the Board include the Group's Impairment Charge, IFRS Classification Staging by Exposure, Expected Credit Losses by Stage, Net NPA as a percentage of Advances, breaches of any credit authority or limits, significant movements in investment portfolio and risk on counterparty banks.

The definitions of credit-impaired financial assets and descriptions of the Group's approaches for specific and collective impairment provisions can be found in page 28 of the Consolidated Financial

Statements. Further disclosures on the Group's management of credit risk, including quantitative disclosures can be found in pages 56 to 75 of the Consolidated Financial Statements.

7.2 Credit Quality of Assets

| | 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 | |
| Bank as of Dec 31, 2025 | | | | | | | |
| 1 | Loans | 71,223 | 1,973,242 | (50,444) | (39,623) | (10,821) | 1,994,021 |
| 2 | Debt securities | - | 1,183,005 | (98) | (98) | - | 1,182,907 |
| 3 | Off-balance sheet exposures | 12,997 | 900,626 | (860) | (170) | (690) | 912,763 |
| 4 | Total | 84,220 | 4,056,873 | (51,402) | (39,891) | (11,511) | 4,089,691 |
| Group as of Dec 31, 2025 | | | | | | | |
| 1 | Loans | 88,828 | 2,874,886 | (67,224) | (53,171) | (14,053) | 2,896,490 |
| 2 | Debt securities | - | 1,183,005 | (98) | (98) | - | 1,182,907 |
| 3 | Off-balance sheet exposures | 12,997 | 900,626 | (860) | (170) | (690) | 912,763 |
| 4 | Total | 101,825 | 4,958,517 | (68,182) | (53,439) | (14,743) | 4,992,160 |

Financial assets are classified as "past due" when a payment is not made by the payment due date while the assets are generally classified as "impaired" upon exceeding 90 days past due. Details on classification of financial assets and methods used for determining accounting provisions for credit losses can be found on Pages 24 to 36 of the Consolidated Financial Statements. There are no differences in definition for accounting and regulatory purposes.

Definition of default:

The Baiduri Bank Group considers the following definition as an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators of Credit-impaired financial assets. The definition is applied consistently period to period and reviewed to ensure accurate reflection of what constitutes a default in the current economic environment.

The Group ensures its list of Unlikely to Pay ("UTP") criteria reflect the current UTP indicators that are evident from borrowers' non-payment behaviour in the current economic environment. Where an increasing amount of balances may be subject to longer 'days past due', the Group exercises care in applying the 90 dpd rebuttable presumption, especially where principal payment holidays are

introduced, during which borrowers are permitted to defer certain payments, where such payments are no longer past due.

7.3 Changes in Stock of Defaulted Loans and Debt Securities as of Dec 31, 2025

| | Bank B\$'000 | Group B\$'000 |
|---|-----------------|------------------|
| 1 | 78,452 | 87,099 |
| 2 | 10,135 | 25,109 |
| 3 | (4,125) | (5,812) |
| 4 | (1,158) | (5,545) |
| 5 | 916 | 974 |
| 6 | 84,220 | 101,825 |

7.4 Additional Disclosure Related to The Credit Quality of Assets

Gross Credit Exposures by Geographical concentration as of Dec 31, 2025

| Bank | Brunei B\$'000 | Singapore B\$'000 | Australia B\$'000 | Saudi Arabia B\$'000 | France B\$'000 | Great Britain B\$'000 | Others B\$'000 | Total B\$'000 |
|--------------------------------------|-------------------|----------------------|----------------------|----------------------------|-------------------|-----------------------------|-------------------|------------------|
| On-Balance Sheet | | | | | | | | |
| Exposures | | | | | | | | |
| Cash and short-term funds | 413,420 | 538,591 | 475 | 112 | 461 | 405 | 11,676 | 965,140 |
| Derivative assets | 417 | 614 | - | - | 1,001 | - | - | 2,032 |
| Government sukuk | 9,909 | - | - | - | - | - | - | 9,909 |
| Investment securities | - | 1,047,550 | 50,242 | - | 75,402 | - | 290 | 1,173,484 |
| Loans and advances | 1,356,660 | 166,864 | 21,830 | 45,348 | 62,812 | 76,982 | 313,969 | 2,044,465 |
| Sub-Total | 1,780,406 | 1,753,619 | 72,547 | 45,460 | 139,676 | 77,387 | 325,935 | 4,195,030 |
| Commitments and contingencies | | | | | | | | |
| | 1,548,856 | 718 | - | - | 1,243 | - | 222,376 | 1,773,193 |
| Total Credit Exposures | 3,329,262 | 1,754,337 | 72,547 | 45,460 | 140,919 | 77,387 | 548,311 | 5,968,223 |

| Group | Brunei B\$'000 | Singapore B\$'000 | Australia B\$'000 | Saudi Arabia B\$'000 | France B\$'000 | Great Britain B\$'000 | Others B\$'000 | Total B\$'000 |
|--------------------------------------|-------------------|----------------------|----------------------|----------------------------|-------------------|-----------------------------|-------------------|------------------|
| On-Balance Sheet | | | | | | | | |
| Exposures | | | | | | | | |
| Cash and short-term funds | 256,242 | 545,108 | 475 | 112 | 461 | 338 | 11,676 | 814,412 |
| Derivative assets | 417 | 614 | - | - | 1,001 | - | - | 2,032 |
| Government sukuk | 9,909 | - | - | - | - | - | - | 9,909 |
| Investment securities | - | 1,047,550 | 50,242 | - | 75,402 | - | 290 | 1,173,484 |
| Loans and advances | 2,275,909 | 166,864 | 21,830 | 45,348 | 62,812 | 76,982 | 313,969 | 2,963,714 |
| Sub-Total | 2,542,477 | 1,760,136 | 72,547 | 45,460 | 139,676 | 77,320 | 325,935 | 4,963,551 |
| Commitments and contingencies | | | | | | | | |
| | 1,548,856 | 718 | - | - | 1,243 | - | 222,376 | 1,773,193 |
| Total Credit Exposures | | | | | | | | |
| | 4,091,333 | 1,760,854 | 72,547 | 45,460 | 140,919 | 77,320 | 548,311 | 6,736,744 |

Concentration of Credit Risk by Sector

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk from loans and advances and other commitments is shown below.

| Bank | Loans and Advances | | Contingencies and Other Commitments | | Total | |
|--|--------------------|------------------|-------------------------------------|------------------|------------------|------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | B\$'000 | B\$'000 | B\$'000 | B\$'000 | B\$'000 | B\$'000 |
| Agriculture | 4,047 | 4,308 | 5,051 | 5,165 | 9,098 | 9,473 |
| Constructions and Property Financing | 754,604 | 662,072 | 152,163 | 155,697 | 906,767 | 817,769 |
| Financial | 164,711 | 115 | 239,731 | 196,037 | 404,442 | 196,152 |
| Infrastructure | 103,946 | 47,402 | 50,337 | 34,251 | 154,283 | 81,653 |
| Manufacturing | 286,328 | 139,459 | 108,082 | 144,197 | 394,410 | 283,656 |
| Personal and Consumption Loans | 203,166 | 180,732 | 5,501 | 4,386 | 208,667 | 185,118 |
| Services | 285,856 | 352,401 | 280,871 | 260,882 | 566,727 | 613,283 |
| Telecommunication and Information Technology | 69,498 | 19,759 | 125,650 | 122,259 | 195,148 | 142,018 |
| Tourism | 10,067 | 11,111 | 14,912 | 8,593 | 24,979 | 19,704 |
| Traders | 130,650 | 121,070 | 167,326 | 171,948 | 297,976 | 293,018 |
| Transportation | 31,592 | 4,111 | 199,155 | 222,748 | 230,747 | 226,859 |
| Total | 2,044,465 | 1,542,540 | 1,348,779 | 1,326,163 | 3,393,244 | 2,868,703 |

| Group | Loans and Advances | | Contingencies and Other Commitments | | Total | |
|--|--------------------|------------------|-------------------------------------|------------------|------------------|------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | B\$'000 | B\$'000 | B\$'000 | B\$'000 | B\$'000 | B\$'000 |
| Agriculture | 4,047 | 4,308 | 5,051 | 5,165 | 9,098 | 9,473 |
| Constructions and Property Financing | 754,604 | 662,072 | 152,163 | 155,697 | 906,767 | 817,769 |
| Financial | 164,711 | 115 | 239,731 | 196,037 | 404,442 | 196,152 |
| Infrastructure | 103,946 | 47,402 | 50,337 | 34,251 | 154,283 | 81,653 |
| Manufacturing | 286,328 | 139,459 | 108,082 | 144,197 | 394,410 | 283,656 |
| Personal and Consumption Loans | 203,166 | 180,732 | 5,501 | 4,386 | 208,667 | 185,118 |
| Services | 285,856 | 352,401 | 280,871 | 260,882 | 566,727 | 613,283 |
| Telecommunication and Information Technology | 69,498 | 19,759 | 125,650 | 122,259 | 195,148 | 142,018 |
| Tourism | 10,067 | 11,111 | 14,912 | 8,593 | 24,979 | 19,704 |
| Traders | 130,650 | 121,070 | 167,326 | 171,948 | 297,976 | 293,018 |
| Transportation | 950,841 | 918,824 | 199,155 | 222,748 | 1,149,996 | 1,141,572 |
| Total | 2,963,714 | 2,457,253 | 1,348,779 | 1,326,163 | 4,312,493 | 3,783,416 |

Non-performing Loans and Advances

The Bank and the Group regards a loan and advance as non-performing if it is in arrears for more than 3 months or if there is objective evidence of impairment.

| Bank | Total Credit Exposure | | Non-Performing Loans | |
|--|-----------------------|------------------|----------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| | B\$'000 | B\$'000 | B\$'000 | B\$'000 |
| Agriculture | 9,098 | 9,473 | - | - |
| Constructions and Property Financing | 906,767 | 817,769 | 33,289 | 34,945 |
| Financial | 404,442 | 196,152 | - | - |
| Infrastructure | 154,283 | 81,653 | - | - |
| Manufacturing | 394,410 | 283,656 | 7,629 | 8,552 |
| Personal and Consumption Loans | 208,667 | 185,118 | 1,653 | 1,331 |
| Services | 566,727 | 613,283 | 22,139 | 15,872 |
| Telecommunication and Information Technology | 195,148 | 142,018 | 341 | 313 |
| Tourism | 24,979 | 19,704 | 5,664 | 5,174 |
| Traders | 297,976 | 293,018 | 508 | 79 |
| Transportation | 230,747 | 226,859 | - | - |
| Total | 3,393,244 | 2,868,703 | 71,223 | 66,266 |

| Group | Total Credit Exposure | | Non-Performing Loans | |
|--|-----------------------|------------------|----------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| | B\$'000 | B\$'000 | B\$'000 | B\$'000 |
| Agriculture | 9,098 | 9,473 | - | - |
| Constructions and Property Financing | 906,767 | 817,769 | 33,289 | 34,945 |
| Financial | 404,442 | 196,152 | - | - |
| Infrastructure | 154,283 | 81,653 | - | - |
| Manufacturing | 394,410 | 283,656 | 7,629 | 8,552 |
| Personal and Consumption Loans | 208,667 | 185,118 | 1,653 | 1,331 |
| Services | 566,727 | 613,283 | 22,139 | 15,872 |
| Telecommunication and Information Technology | 195,148 | 142,018 | 341 | 313 |
| Tourism | 24,979 | 19,704 | 5,664 | 5,174 |
| Traders | 297,976 | 293,018 | 508 | 79 |
| Transportation | 1,149,996 | 1,141,572 | 17,605 | 7,238 |
| Total | 4,312,493 | 3,783,416 | 88,828 | 73,504 |

7.5 Ageing Analysis of Past-Due Loans

| Bank | December 31, 2025 | | | | |
|--|-------------------|----------------|-----------------|----------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| | B\$'000 | B\$'000 | B\$'000 | B\$'000 | B\$'000 |
| Non past due (0-30 days) | 1,925,466 | 42,465 | 20,941 | 2,178 | 1,991,050 |
| Month-in-arrear 1 (31-60 days) | - | 2,689 | 1,626 | 223 | 4,538 |
| Month- in- arrear 2 (61-90 days) | - | 2,621 | 29 | - | 2,650 |
| Month- in-arrear 3 and above (91 days and above) | - | - | 46,089 | 138 | 46,227 |
| Total Gross Carrying Amount | 1,925,466 | 47,775 | 68,685 | 2,539 | 2,044,465 |
| Loss allowances | (10,821) | (6,051) | (31,325) | (2,247) | (50,444) |
| Net carrying amount | 1,914,645 | 41,724 | 37,360 | 292 | 1,994,021 |

| Group | December 31, 2025 | | | | |
|--|-------------------|-----------------|-----------------|----------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| | B\$'000 | B\$'000 | B\$'000 | B\$'000 | B\$'000 |
| Non past due (0-30 days) | 2,757,262 | 52,516 | 24,319 | 2,178 | 2,836,275 |
| Month-in-arrear 1 (31-60 days) | - | 50,917 | 3,884 | 223 | 55,024 |
| Month- in- arrear 2 (61-90 days) | - | 14,190 | 2,650 | - | 16,840 |
| Month- in-arrear 3 and above (91 days and above) | - | - | 55,437 | 138 | 55,575 |
| Total Gross Carrying Amount | 2,757,262 | 117,623 | 86,290 | 2,539 | 2,963,714 |
| Loss allowances | (14,053) | (12,568) | (38,356) | (2,247) | (67,224) |
| Net carrying amount | 2,743,209 | 105,055 | 47,934 | 292 | 2,896,490 |

Loans With Renegotiated Terms and The Group's Forbearance Practice

When there is deterioration in the borrower's financial position, loans may be restructured with renegotiated terms where the Group has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Group has provided initially. The Group implements forbearance practice in order to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance practice, loan forbearance is granted on an elective basis in situations where the debtor is currently in default on its debt, or where there is a high risk of default.

The revised terms usually include extending maturity, changing timing of interest payments and amendments to the terms of loan covenants.

Both retail and corporate loans are subject to the forbearance practice.

| | Bank | | Group | |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2025 B\$'000 | 2024 B\$'000 | 2025 B\$'000 | 2024 B\$'000 |
| Renegotiated loans and advances | 30,788 | 30,762 | 30,827 | 30,851 |

7.6 Qualitative Disclosure Requirements Related to Credit Risk Mitigation Techniques

Financial instruments that are subject to offsetting, enforceable master netting arrangements and similar arrangements can be found on page 51 of the Consolidated Financial Statements. However, the Group does not practice any set off in the statements of financial position.

The Group employs various credit risk mitigation techniques which include appropriate facility structuring, obtaining of tangible collateral as well as non-tangible security. Covenants / facility conditions are frequently imposed on credit facilities. The adequacy of the collateral will depend on the level of facilities granted, the borrower's risk profile, the Bank's risk appetite and the conduct of the borrower and length of the relationship with the Bank.

Acceptable types of collateral / security ¹

| | |
|---------------------------------------|---|
| Cash including Certificate of Deposit | Assignment of project receivables |
| Investment funds | Assignment of development agreement |
| Debentures | Assignment of sale & purchase agreement |
| Property (residential and commercial) | Guarantee from banks |
| Motor Vehicles | Assignment of insurance policy |
| Stocks and Shares (private or listed) | Corporate guarantee |
| Ships and vessels | Personal guarantee |
| Aircraft | Letter of comfort or awareness |

¹ The listing is not intended to be exhaustive, representing the main types of collateral/security taken. The bank may accept other forms of collateral/security in order to mitigate its credit exposures.

The market value of collateral may be determined through independent valuation by third-party panel valuer firms, or through internal formulas. Haircuts may be applied to the market value of collateral held to determine its financial effect. The condition of the collateral is assessed periodically, and should the collateral become undervalued or unenforceable, this shall be flagged in the credit proposal and recommend replacement or additional collateral.

Although the Group accepts various forms of collateral, as at the reporting period, only cash and Brunei Government guarantees have been considered as allowable CRM for capital calculation purposes.

7.7 Overview of Credit Risk Mitigation (CRM) Techniques as of Dec 31, 2025

| | | 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 |
| Bank | | | | | | |
| 1 | Loans | 1,211,578 | 782,443 | 782,443 | - | - |
| 2 | Debt securities | 1,182,907 | - | - | - | - |
| 3 | Total | 2,394,485 | 782,443 | 782,443 | - | - |
| 4 | Of which defaulted | 463 | 37,189 | 37,189 | | |
| Group | | | | | | |
| 1 | Loans | 1,302,476 | 1,594,014 | 1,594,014 | - | - |
| 2 | Debt securities | 1,182,907 | - | - | - | - |
| 3 | Total | 2,485,383 | 1,594,014 | 1,594,014 | - | - |
| 4 | Of which defaulted | 536 | 47,690 | 47,690 | - | - |

7.8 External Credit Assessment Institutions ("ECAIs")

The Group refers to ratings published by the following ECAIs for the purposes to assign risk weights to claims on banks and financial institutions as well as rated corporate exposures within the Group's investment portfolio:

- S&P Global Ratings ;
- Moody's Investors Service; and
- Fitch Ratings.

7.9 Standardised Approach for Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects

| | | Bank as of Dec 31, 2025 | | | | | |
|---------------|--------------------------------------|------------------------------|--------------------------|----------------------------|--------------------------|---------------------|-------------|
| Asset Classes | | Exposures before CCF and CRM | | Exposures post CCF and CRM | | 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 | 906,692 | - | 906,692 | - | - | 0.00% |
| | Non-central government public sector | | | | | | |
| 2 | entities | - | - | - | - | - | 0.00% |
| 3 | Multilateral development banks | - | - | - | - | - | 0.00% |
| 4 | Banks | 1,307,965 | 240,206 | 1,307,965 | 120,103 | 689,516 | 48.28% |
| 5 | Securities firms | - | - | - | - | - | 0.00% |
| 6 | Corporates | 1,138,260 | 1,532,987 | 1,003,015 | 108,643 | 1,093,106 | 98.33% |
| 7 | Regulatory retail portfolios | 227,063 | - | 223,961 | - | 171,738 | 76.68% |
| 8 | Secured by residential property | 268,128 | - | 265,383 | - | 191,164 | 72.03% |
| 9 | Secured by commercial real estate | 238,788 | - | 232,172 | - | 232,172 | 100.00% |
| 10 | Equity | 290 | - | 290 | - | 435 | 150.00% |
| 11 | Past due loans | 37,651 | - | 31,006 | - | 36,206 | 116.77% |
| 12 | Higher-risk categories | - | - | - | - | - | 0.00% |
| 13 | Other assets | 107,411 | - | 107,411 | - | 78,162 | 72.77% |
| 14 | Total | 4,232,248 | 1,773,193 | 4,077,895 | 228,746 | 2,492,499 | 57.88% |

| | | Group as of Dec 31, 2025 | | | | | |
|---------------|--------------------------------------|------------------------------|--------------------------|----------------------------|--------------------------|---------------------|-------------|
| Asset Classes | | Exposures before CCF and CRM | | Exposures post CCF and CRM | | 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 | 955,479 | - | 955,479 | - | - | 0.00% |
| | Non-central government public sector | | | | | | |
| 2 | entities | - | - | - | - | - | 0.00% |
| 3 | Multilateral development banks | - | - | - | - | - | 0.00% |
| 4 | Banks | 1,105,002 | 240,206 | 1,105,002 | 120,103 | 591,293 | 48.26% |
| 5 | Securities firms | - | - | - | - | - | 0.00% |
| 6 | Corporates | 1,190,186 | 1,532,987 | 1,054,941 | 108,643 | 1,145,032 | 98.41% |
| 7 | Regulatory retail portfolios | 1,070,264 | - | 1,067,162 | - | 804,139 | 75.35% |
| 8 | Secured by residential property | 268,128 | - | 265,383 | - | 191,164 | 72.03% |
| 9 | Secured by commercial real estate | 238,788 | - | 232,172 | - | 232,172 | 100.00% |
| 10 | Equity | 290 | - | 290 | - | 435 | 150.00% |
| 11 | Past due loans | 48,225 | - | 41,580 | - | 46,780 | 112.51% |
| 12 | Higher-risk categories | - | - | - | - | - | 0.00% |
| 13 | Other assets | 148,622 | - | 148,622 | - | 116,878 | 78.64% |
| 14 | Total | 5,024,984 | 1,773,193 | 4,870,631 | 228,746 | 3,127,893 | 61.34% |

7.10 Standardised Approach for Exposure by Asset Classes and Risk Weight

| Bank as of Dec 31, 2025 | | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | Others | Total Credit exposures (post CCF and post CRM) |
|-------------------------|---|----------------|----------|----------------|---------------|----------------|----------------|------------------|---------------|----------|--|
| 1 | Sovereigns and their central banks | 906,692 | - | - | - | - | - | - | - | - | 906,692 |
| 2 | Non-central government public sector entities | - | - | - | - | - | - | - | - | - | - |
| 3 | Multilateral development banks | - | - | - | - | - | - | - | - | - | - |
| 4 | Banks | - | - | 444,798 | - | 765,427 | - | 217,843 | - | - | 1,428,068 |
| 5 | Securities firms | - | - | - | - | - | - | - | - | - | - |
| 6 | Corporates | - | - | 23,567 | - | - | - | 1,088,091 | - | - | 1,111,658 |
| 7 | Regulatory retail portfolios | - | - | - | - | - | 208,894 | 15,067 | - | - | 223,961 |
| 8 | Secured by residential property | - | - | - | 19,682 | - | 245,701 | - | - | - | 265,383 |
| 9 | Secured by commercial real estate | - | - | - | - | - | - | 232,172 | - | - | 232,172 |
| 10 | Equity | - | - | - | - | - | - | - | 290 | - | 290 |
| 11 | Past due loans | - | - | - | - | - | - | 20,606 | 10,400 | - | 31,006 |
| 12 | Higher risk categories | - | - | - | - | - | - | - | - | - | - |
| 13 | Other assets | 29,249 | - | - | - | - | - | 78,162 | - | - | 107,411 |
| 14 | Total | 935,941 | - | 468,365 | 19,682 | 765,427 | 454,595 | 1,651,941 | 10,690 | - | 4,306,641 |

| Group as of Dec 31, 2025 | | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | Others | Total Credit exposures (post CCF and post CRM) |
|--------------------------|---|----------------|----------|----------------|---------------|----------------|------------------|------------------|---------------|----------|--|
| 1 | Sovereigns and their central banks | 955,479 | - | - | - | - | - | - | - | - | 955,479 |
| 2 | Non-central government public sector entities | - | - | - | - | - | - | - | - | - | - |
| 3 | Multilateral development banks | - | - | - | - | - | - | - | - | - | - |
| 4 | Banks | - | - | 444,798 | - | 555,947 | - | 224,360 | - | - | 1,225,105 |
| 5 | Securities firms | - | - | - | - | - | - | - | - | - | - |
| 6 | Corporates | - | - | 23,567 | - | - | - | 1,140,017 | - | - | 1,163,584 |
| 7 | Regulatory retail portfolios | - | - | - | - | - | 1,052,095 | 15,067 | - | - | 1,067,162 |
| 8 | Secured by residential property | - | - | - | 19,682 | - | 245,701 | - | - | - | 265,383 |
| 9 | Secured by commercial real estate | - | - | - | - | - | - | 232,172 | - | - | 232,172 |
| 10 | Equity | - | - | - | - | - | - | - | 290 | - | 290 |
| 11 | Past due loans | - | - | - | - | - | - | 31,180 | 10,400 | - | 41,580 |
| 12 | Higher risk categories | - | - | - | - | - | - | - | - | - | - |
| 13 | Other assets | 31,744 | - | - | - | - | - | 116,878 | - | - | 148,622 |
| 14 | Total | 987,223 | - | 468,365 | 19,682 | 555,947 | 1,297,796 | 1,759,674 | 10,690 | - | 5,099,377 |

8 COUNTERPARTY CREDIT RISK (“CCR”)

Counterparty Credit Risk is the risk arising from the possibility that the counterparty may default on amounts owned on a derivative transaction. Derivatives are financial instruments that derive their value from the performance of assets, interest or currency exchange rates, or indexes.

All limits for Counterparty Credit Risk are approved at the Group EXCO level. Limits are primarily to support Spot Transactions, Foreign Exchange Contracts as well as other derivative products (Swaps). Counterparty exposures are generally limited to banks which have been rated BBB+ by S&P (or Moody’s/Fitch equivalent) or better.

The Bank and the Group’s position on derivative financial instruments can be found on page 91 of the Consolidated Financial Statements.

9 SECURITISATION

The Group does not carry any securitization exposures over the reporting period.

10 MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the value of the Group’s holdings of financial instruments (non-banking book). The objective of the Group’s market risk management is to manage and control market risk exposures within acceptable parameters in order to ensure the Group’s solvency while optimizing the return on risk.

The Group EXCO is responsible for authorising all market risk limits and has delegated responsibility for the measurement, monitoring and reporting of market risk to the ALCO, with Group Treasury being responsible for the day to-day management of the Group’s market risk positions.

The Group has limited risk appetite and exposure to market risk. As at 31 December 2025, the Group has minimal foreign exchange risk exposure and no market risk exposure to interest rate risk (trading book), equity position risk, or commodity risk.

Further disclosures on the Group’s management of market risk, including quantitative disclosures can be found in pages 81 – 84 of the Consolidated Financial Statements.

Market Risk under Standardised Approach as of Dec 31, 2025

| | Risk Weighted Assets | |
|---------------------------|-----------------------------|----------------|
| | Bank | Group |
| | B\$’000 | B\$,000 |
| Interest/Profit Rate Risk | - | - |
| Equity Position Risk | - | - |
| Foreign Exchange Risk | 2,035 | 1,779 |
| Commodity Risk | - | - |
| Total | 2,035 | 1,779 |

11 INTEREST RATE RISK IN THE BANKING BOOK

Due to different movements in interest rates of assets and liabilities, the Group's earnings are exposed to IRRBB. Group ALCO, assisted by Group Treasury as well as Group Finance Department, is responsible for managing interest rate risk.

Interest rate risk is managed principally through an Asset-Liability reports, which provides Senior Management with details on the level of and return generated from interest generating assets, compared against funding sources and associated costs. The Group also reports on maturity gaps on its asset and liability position.

The Board of Directors maintains oversight over interest rate risks through the monitoring of various Key Risk Indicators, which are reported quarterly to the Group Risk Management Committee.

Although the movement of interest rates is primarily driven by external market forces, certain mitigating strategies are taken which include ensuring sufficient margins (particularly on longer maturity exposures) on credit facilities. The bank further ensures that most of its credit exposures are priced against an internal reference rate, which may be adjusted in the event of material changes in the funding market.

Quantitative disclosures on the Group's interest rate risk can be found in pages 82 - 84 of the Consolidated Financial Statements.

| | Bank | | Group | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | +0.50% B\$'000 | -0.50% B\$'000 | +0.50% B\$'000 | -0.50% B\$'000 |
| As at December 31, 2025 | 3,145 | (3,145) | 3,808 | (3,808) |
| As at December 31, 2024 | 3,097 | (3,097) | 3,554 | (3,554) |

12 OPERATIONAL RISK

Operational risk is the risk to achieving the Group's strategic objectives as a result of inadequate or failed internal processes, people and systems, or from external events. Operational risk is inherent to every aspect of our business. The Group's objective is to manage its operational risk at appropriate levels, considering the markets we operate in, capital and liquidity adequacy, as well as economic conditions and the regulatory environment.

The Board is ultimately responsible for all aspects of operational risk management. The Board delegates these responsibilities to the GRMC to oversee the management of operational risks.

The Group Operational Risk Committee ("ORC") is responsible for the design, formulation and implementation of the Group's operational risk management framework, including related policies and processes to identify, evaluate, measure, monitor, and report on risks as well as the effectiveness of the internal control systems, taking appropriate and timely remedial actions as required.

The Three Lines of Defence approach is applied to operational risk management.

The first line of defence – business line management including support functions – is directly responsible for identifying and managing day-to-day operational risks.

The second line of defence is provided by the Group Risk Department where it coordinates, facilitates and oversees the effectiveness and integrity of the Group's operational risk management framework.

The third line of defence involves the Internal Audit function to provide independent assurance to the Board and senior management on the effectiveness and quality of governance, risk management and internal control processes.

The Group employs the Basic Indicator Approach to compute operational risk capital.

Additional risk management systems are in place to address specific to the areas including, but not limited to, are as follows:

Technology risk – All activities are governed by a set of Information Technology (IT) policies, guidelines, processes, procedures and mitigation programmes – including disaster recovery planning. These outline the governance and oversight structure, communication and escalation criteria, monitoring frequency, assessment and mitigation measures. IT incidents are assessed and evaluated by the Group's IT department according to its impact to the technologies, business operations and all stakeholders. Incidents are escalated to Chief Technology Officer, Group Risk Department and senior management for direction, depending on its severity.

Cyber and Information security risk – risk associated with cyber and information security are managed through security policies, processes, procedures and solutions. The Group's Information & Security Department is responsible for securing the network, infrastructure and information. The Group employs comprehensive assessments, penetration testing, firewall reviews and incident handling and response plans.

Fraud risk – risks associated with fraud are governed by Group Fraud Policy with oversight by a dedicated committee. Group Fraud Policy sets out the expectations of the Group as well as responsibilities various stakeholders across the Group in managing and reporting of confirmed or suspected fraud within the Group.

Business disruptions – Business Continuity Management ("BCM") framework is embedded under a BCM programme which aims, in the event of an actual disaster, to recover the critical business processes and its ability to function in the changed operational environments, as well as to safeguard all stakeholders and protect the interests of the Group. It is to ensure that the impact of potential issues and adverse events are effectively managed to an acceptable level and communicated efficiently. Planning for resilience includes risk assessments and review, identification of critical business functions through Business Impact Analysis, continuity strategies, recovery and resumption plans, annual testing and exercising as well as maintenance of Business Continuity Plans ("BCP").

New products and services risk – the Group's policy is in place to ensure all risks are considered and assessed as new products, services, systems and projects are initiated. Comprehensive post-implementation review (PIR) of new products or services is performed to ensure no risk remains unidentified or unaddressed.

Vendor, third party and outsourcing risk – the Group has implemented Vendor Management Policy, Group Outsourcing Policy and Group Third Party Risk Management Policy respectively. The policies are to govern vendor selection criteria, approved vendors, vendor evaluation and assessment, vendor review and outsourcing arrangements.