

# CORPORATE GOVERNANCE

AS AT 31 DECEMBER 2025

Baiduri Finance Berhad ("BFB") is committed to upholding good corporate governance standards and is guided by principles of good corporate governance enumerated in the Guidelines on Corporate Governance for Finance Companies ("Guidelines") issued by Brunei Darussalam Central Bank ("BDCB") BU/G-1/2019/19 on 27 November 2019 with the date of implementation from 1 January 2020.

**Principle 1 – Every finance company should be headed by an effective Board to lead and control the finance company. The Board has ultimate responsibility for the finance company's business strategy and financial soundness and is collectively responsible for the long-term success of the finance company, including approving and overseeing management's implementation of the finance company's strategic objectives, governance framework and corporate culture. The Board works with Senior Management to achieve these objectives, and Management remains accountable to the Board.**

Baiduri Finance Board ("the Board") works in line with its parent company, Baiduri Bank Sendirian Berhad ("the Bank") to set the purpose, strategic direction and risk appetite for Baiduri Finance Berhad ("the company").

Baiduri Bank Sendirian Berhad, Baiduri Finance Berhad and Baiduri Capital Sendirian Berhad will be collectively referred to as "Baiduri Bank Group".

### **Roles of the Board**

The main roles of the Board are to:

- Have oversight of the company and perform its duties and exercise its powers conferred by the Articles of Association, not exclusively reserved to shareholders, and to abide by Baiduri Bank Group Policies.
- Exercise leadership in directing the company to achieve its objectives.
- Protect and safeguard the financial soundness and long-term growth of the company and Baiduri Bank Group.
- Implement Group Policies on corporate governance and set the "tone-from-the-top" to promote good corporate governance.
- Know and understand the company's structure, specific objectives and specific types of risks.

## **Responsibilities of the Board**

The responsibilities of the Board include:

- **Senior Management**
  - To oversee Senior Management in its day-to-day management of the company's business to ensure sound and prudent management, including that –
    - It complies, and conducts itself in accordance, with the governance, roles, responsibilities and operations stated in the Baiduri Finance Management Committee ("BFMC") Charter.
    - It complies with the company's Internal Policies and acts consistently with Baiduri Bank Group's Policies.
    - It liaises and cooperates with Baiduri Bank Group's internal control and support functions, i.e. the divisions and departments listed in the BFMC Charter which performs various functions and services for Baiduri Bank Group.
  
- **Finance**
  - To review, approve and oversee the company's annual business plan, financial budget, capital management, including capital adequacy, capital and liquidity plans and major capital expenditure in meeting the company's objectives in accordance with Baiduri Bank Group's Policies and having due regard to the Guidelines.
  - To approve annual financial statements and require independent review of critical areas.
  - To set dividend policy in accordance with Baiduri Bank Group's Policies.
  - To make material disclosures in the Corporate Governance Disclosure for the Company's and Annual Financial Statements as guided by the Guidelines and required by law.
  
- **Risk Management**
  - To oversee the implementation of Baiduri Bank Group's Policies on –
    - Corporate governance, including risk management and compliance.
    - Internal control systems, to ensure adequate systems and functions are in place to enable risks to be identified, assessed, reported and managed whilst keeping in mind that –
      - The company meets its own distinctive requirements for corporate governance and risk management.

- Where necessary, to make adjustments to Baiduri Bank Group's Policies which conflicts with applicable legislation and the Guidelines.
  
- **Strategy**
  - To assist and provide inputs in the formulation of Baiduri Bank Group's Policies relating to the company.
  - To have oversight of, and keep up-to-date with, the company's business plans and strategies, and strategic changes.
  - To ensure obligations owed to shareholders and stakeholders are understood and met.
  - To delegate clear authorities and responsibilities to Senior Management in day-to-day management.
  - To understand it remains accountable and responsible for any authority it delegates to Senior Management.
  - To understand that the company –
    - Is an independent legal entity with its own set of obligations imposed by applicable law and the Guidelines.
    - As part of the Baiduri Bank Group, the BFB Board of Directors exercise responsibility for the management of the company.
  
- **Human Resources**
  - To implement and adhere to Group Policies on –
    - Human resources strategy including appointment of Key Responsible Persons, recruitment, promotion, training, and remuneration strategies for directors and employees.
    - Conflict of Interest, Group Code of Conduct & Ethical Standards and Code of Ethics & Professional Standards.
  
- **Reserved matters**
  - The following matters are reserved for the Board's review and approval unless the Board has expressly delegated them:
    - Board Structure
      - Appointment and recommendation for removal of Directors.
      - Appointment and removal of the Company Secretary.
      - Establishment of Board Committees including, their members and the specific Terms of Reference.
      - Appointment and extension of contract of the General Manager .

- Remuneration matters
  - Approval of remuneration packages, including service contracts, for the General Manager and any other person as the Board determines.
  - Determination of the company's corporate goals and objectives relevant to the remuneration of the General Manager and evaluating the performance of the General Manager in light of these objectives.
  - Approval of the size of bonus/incentive pools as part of the annual plan based on consideration of pre-determined business performance indicators and the financial soundness of Baiduri Bank Group.
  
- Strategy
  - Review and approval of the strategic plans.
  - Approval of the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Baiduri Bank Group's risk profile.
  - Approval of investment or divestment of a capital project which represents a significant diversification from Baiduri Bank Group's existing business activities.
  - Approval of major changes in the activities of the company.
  
- Financial
  - Review and recommend annual budget of the company to the Board of Directors of the Parent Bank ("Parent Board") for approval.
  - Approval of capital expenditure and / or disposal of capital items sanctioned over and above delegated levels, i.e. where the amount involved exceeds a pre-determined threshold given to the General Manager and Senior Management.
  - Approval of financial statements and their release.
  - To determine the dividend policy, including the amount and timing of dividends to be paid.
  
- Others
  - Granting of power of attorney.
  - Recommendation for the changes in the company's Constitution.
  - Recommendation for issue of debt instruments.

## Group EXCO

The Group EXCO is comprised of at least three members. The members are:

| <b>Name of Members</b> |   |
|------------------------|---|
| <b>1</b>               | YAM Pengiran Muda Dr Abdul Fattaah (Chairman) |
| <b>2</b>               | Mr Pierre Imhof                               |
| <b>3</b>               | Mr Ti Eng Hui                                 |

The Group EXCO is established to assist the Board in carrying out the Board's responsibilities, including amongst others, investments, and divestments and oversees management of risks of the Bank and the Group, within the parameters set by the Board.

The roles and responsibilities of the Group EXCO are:

- To oversee and provide guidance on the strategic plans of various businesses as recommended by Senior Management to ensure they align with Baiduri Bank Group's overall strategic direction and risk appetite;
- To review policies recommended by Senior Management relating to credit, market activities and investments for approval by the Baiduri Bank Board;
- To oversee Baiduri Bank Group's performance and activities, including ensuring prompt escalation by Senior Management of any material event which may result in significant financial, operational or reputational impact to Baiduri Bank Group;
- To approve credit risk, market risk, treasury and investment activities above the delegation granted to Senior Management and within Group EXCO's authority;
- To review Baiduri Bank Group's annual budget recommended by Senior Management for approval by the Baiduri Bank Board;
- To approve credit proposals recommended by Group Credit Committee within Group EXCO's authority and limits as set by the Baiduri Bank Board;
- To review and recommend credit limits granted to the Group Credit Committee and sub-delegations for corporate and retail portfolios, treasury and investment activities. This includes overseeing exposure to counterparties, market risks, liquidity risks and capital expenditures in line with the budget for approval by the Baiduri Bank Board;
- To approve charters of the Group Credit Committee and Asset & Liability Committee recommended by Senior Management;
- To oversee the activities of the Assets and Liabilities Committee on capital allocation, liquidity and interest rate risks; and
- To exercise authority, have oversight over matters and perform all other functions delegated by the Baiduri Bank Board, which include approval of CEO's expenses and ratification of bad debts written off.

## Group Risk Management Committee (“GRMC”)

The GRMC is comprised of four Board members. The members are:

| Name of Members |                                    |
|-----------------|------------------------------------|
| 1               | YAM Pengiran Muda Dr Abdul Fattaah |
| 2               | Dato Paduka Timothy Ong Teck Mong  |
| 3               | Mr Pierre Imhof                    |
| 4               | Prof David Grayson CBE (Chairman)  |

The GRMC is established to assist the Board in fulfilling its oversight responsibilities for Baiduri Bank Group’s risk management framework and corporate risk structure including the strategies, policies, processes, procedures, and systems established by Senior Management to identify, assess, measure, manage and monitor Baiduri Bank Group’s significant financial, operational, and other risk exposures.

The roles and responsibilities of the GRMC are:

- To have oversight and where appropriate to make recommendations to the Board on matters relevant to:

### Risk Management

- Baiduri Bank Group’s Risk Appetite Statement and risk governance framework;
- Baiduri Bank Group’s risk-related policies;
- Baiduri Bank Group’s risk profile, limit breaches and mitigation plans;
- Baiduri Bank Group’s strategies for the main risks of the Group, which include capital, liquidity, external, credit, market, operational, compliance and reputational risks;
- Baiduri Bank Group’s Internal Capital Adequacy Assessment Process (“ICAAP”) and Group Recovery Plan;
- Risk management functions are properly staffed to carry out their responsibilities independently, objectively and effectively; and
- Appointment and independence assessment of staff in key functions over which the GRMC has oversight including the Head of Group Risk.

### Compliance

- Baiduri Bank Group’s regulatory compliance and Anti -Money Laundering / Countering the Financing of Terrorism (AML/CFT) related policies;

- The effectiveness of the implementation and operation of the Regulatory Compliance and AML/CFT programme;
- Compliance functions are properly staffed to carry out their responsibilities independently, objectively and effectively; and
- Appointment and independence assessment of staff in key functions over which the GRMC has oversight including the Head of Group Risk and Head of Group Compliance.

Sustainability

- Material sustainability matters including among others Baiduri Bank Group's Sustainability Strategy.

**Baiduri Finance Audit Committee (“BFAC”)**

The BFAC is comprised of at least three Board members, made up of entirely Independent or Non-Executive directors. The members are:

| <b>Name of Members</b> |  |
|------------------------|--|
| <b>1</b>               | Dato Paduka Timothy Ong Teck Mong              |
| <b>2</b>               | Mr Pierre Imhof                                |
| <b>3</b>               | Haji Shazali bin Dato Haji Sulaiman (Chairman) |

The purpose of the BFAC is to provide a structured, systematic oversight of Baiduri Bank Group's governance, risk management and internal controls system including financial, operational and information technology controls. The BFAC assists the Board and Senior Management by providing advice and guidance on the adequacy of the organisation's initiatives for:

- Values and ethics
- Governance structure
- Risk management
- Internal control framework
- Oversight of internal audit activity, external auditors, and other providers of assurance
- Financial statements and public accountability reporting

The roles and responsibilities of the BFAC are:

- To provide the Board with independent, objective advice on the adequacy of the company's management with respect to the following:

- Recommendations on appointment, remuneration and dismissal of the external auditors, the scope of external audits and other services;
  - Providing the opportunity for the internal and external auditors to meet and discuss findings;
  - Reviewing with the external auditors the end of year financial statements;
  - Framing policy on internal audit and financial reporting, among other things;
  - Overseeing the financial reporting process;
  - Providing oversight of and interacting with the Group's internal and external auditors;
  - Reviewing and approving the audit scope and frequency;
  - Receiving key audit reports and ensuring the Senior Management is taking necessary corrective actions in timely manner to address control weaknesses, non-compliance with policies, laws and regulations and other problems identified by auditors and other control functions;
  - Overseeing the establishment of accounting policies and practices by the company;
  - Reviewing the third-party opinions on the design and effectiveness of the overall risk governance framework and internal control system;
  - Review, at least annually, the adequacy and effectiveness of the internal audit function;
  - Review all Related Party Transactions as defined by the Related Party Transactions Policy (to ensure these transactions are made on an arm's length basis) and to keep the Board informed of these transactions, if any;
  - Prepare the work of, and report to the Board in specific areas for which it has designated responsibility as defined and in accordance with the BDCB Guidelines of Corporate Governance Guidelines for Finance Companies; and
  - Perform other activities related to the BFAC Charter as requested by the Board.
- Perform other responsibilities including the following:
    - Review and assess the adequacy of the BFAC Charter *annually*, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation;
    - Institute and oversee special investigation as needed;
    - Oversee the implementation of the Group Compliance Policy, including ensuring that issues relating to compliance matters are resolved effectively and in a timely manner by Senior Management with the assistance of the Group Compliance Department;
    - Assess the effectiveness of the company's management of compliance risk through annual meetings with the Head of Group Compliance;

- Confirm annually that all responsibilities outlined have been carried out; and
- Review and ensure that the policy or equivalent arrangements are put in place by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

### **Group Nomination Committee (“GNC”)**

The GNC is comprised of at least three Board members. The members are:

| <b>Name of Members</b> |  |
|------------------------|--|
| <b>1</b>               | YAM Pengiran Muda Dr Abdul Fattaah           |
| <b>2</b>               | Dato Paduka Timothy Ong Teck Mong (Chairman) |
| <b>3</b>               | Prof David Grayson CBE                       |

The GNC is established to assist the Board in the carrying out its responsibilities in ensuring its effectiveness as a Board including in relation to the appointment of Board members and Senior Management, succession planning and training programs for Board members.

The roles and responsibilities of the GNC are:

- To have oversight and where appropriate to make recommendations to the Board on matters relevant to:
  - The composition and independence of Baiduri Bank Group's boards;
  - Succession planning for board and board committee members, General Manager and where appropriate Senior Management;
  - Appointment and performance evaluation of the General Manager;
  - Appointment and effectiveness assessment of Board members with due consideration given to skills, experience, reputation, contribution, independence and potential conflicts of interest;
  - Appointment and independence assessment of staff in key functions over which the GNC has oversight including the Head of Group Risk, Head of Internal Audit, Head of Group Compliance and Company Secretary; and
  - Training programs for Board members.

### Group Remuneration Committee (“GRC”)

The GRC is comprised exclusively or in majority of non-executive directors with at least three Board members. The members are:

| Name of Members |   |
|-----------------|---|
| 1               | YAM Pengiran Muda Dr Abdul Fattaah              |
| 2               | Dato Paduka Timothy Ong Teck Mong<br>(Chairman) |
| 3               | Mr Pierre Imhof                                 |

The GRC is established to assist the Board in carrying out its responsibilities including in relation to Baiduri Bank Group’s policies and guidelines on remuneration, bonuses and benefits for Board members, General Manager and Senior Management.

The roles and responsibilities of the GRC are:

- To have oversight, review and where appropriate to make recommendations to the Board on the remuneration policy of Baiduri Bank Group including in relation to Board members and Senior Management with due consideration given to:
  - Baiduri Bank Group’s mission and objectives, culture and strategy.
  - Employment terms and conditions within Baiduri Bank Group, the industry as well as international best practices.
  - Relative performance of Baiduri Bank Group against historical performance, budget and the performance of Baiduri Bank Group’s competitor set.
  - Incentivizing high performance with due regard for managing risk.
  - Time committed, contribution and responsibility of non-executive board members.

## Induction Program Overview

The induction program for newly appointed directors is designed to provide them with a comprehensive understanding of their role, the company and the framework within which the company operates.

The induction program covers the following areas:

| Area of induction                                 | Activity  |
|---|---|
| Welcome   | <p>New directors receive a letter with key documents including documents on the constitution of the entities within the Baiduri Bank Group, documents relating to the Board's role and responsibilities, and other key policies of the Group.</p> <hr/> <p>Tour of site by General Manager</p>  |
| Company Information                               | <p>Briefing on the company's function and services by General Manager:</p> <ul style="list-style-type: none"> <li>- Company history</li> <li>- Vision, mission and values</li> <li>- Corporate profile</li> <li>- Baiduri Finance's strategic plan</li> </ul>   |
| Role Description                                  | <p>Briefing by General Manager on:</p> <ul style="list-style-type: none"> <li>- Board and Board Committee composition and structure</li> <li>- New Director roles and responsibilities</li> <li>- Board processes and procedures relevant to the director's role</li> <li>- Training and professional development needs</li> <li>- Evaluation of Board / Board Committee and Directors</li> </ul> |
| Baiduri Finance Management Committee Introduction | <p>One on one session with each Baiduri Finance Management Committee member to present the following:</p> <ul style="list-style-type: none"> <li>- Background of Baiduri Finance Management Committee members</li> <li>- Organisational Chart of respective department</li> <li>- Key roles and responsibilities of the respective department</li> </ul>  |

|                  |  |
|------------------|--|
| Induction Review | New directors may provide feedback to the Chairman or General Manager of Baiduri Finance to identify areas for improvement |
|------------------|--|

Newly appointed directors are required to complete Anti-Money Laundering / Counter Financing of Terrorism (AML/CFT) training within three months of their appointment.

To support directors' ongoing professional development, the GNC identifies and recommends relevant training sessions. In 2025, directors participated in workshops on:

- National Digital Payments Network and Code of Ethics
- Corporate Governance and Cyber Governance
- Funds Transfer Pricing

**Principle 2 – There should be an effective Board composition, with a strong independent element where no individual or small group of individuals should be allowed to dominate the Board’s decision making.**

**Board Composition**

As of 31 December 2025, the Board is comprised of six directors, including one non-executive and non-independent director, three non-executive and independent directors, one non-executive and non-independent director and one executive and non-independent director. This composition ensures independence, supports effective oversight and balanced decision-making. The Board functions collectively, with no single individual or group exerting undue influence over the decision-making process, in line with sound corporate governance principles.

|          | <b>List of Directors</b>                      | <b>Type</b>                       |
|----------|---|-----------------------------------|
| <b>1</b> | YAM Pengiran Muda Dr Abdul Fattaah (Chairman) | Non-Executive and Non-Independent |
| <b>2</b> | Dato Paduka Timothy Ong Teck Mong             | Non-Executive and Independent     |
| <b>3</b> | Mr Pierre Imhof                               | Non-Executive and Independent     |
| <b>4</b> | Haji Shazali bin Dato Haji Sulaiman           | Non-Executive and Independent     |
| <b>5</b> | Haji Haliluddin bin Dato Haji Talib           | Non-Executive and Non-Independent |
| <b>6</b> | Ti Eng Hui                                    | Executive and Non-Independent     |

**Principle 3 – There should be a clear division of responsibilities between the leadership of the Board and those executives responsible for managing the Finance company’s business. Decision making power should not be concentrated in the hands of one individual.**

The roles of Chairman and the General Manager are held by separate individuals, promoting a proper balance of authority, enhancing accountability and enabling the Board to make independent decisions effectively.

This separation ensures that no single individual has unfettered decision-making authority, in line with the company’s commitment to sound corporate governance. To maintain the highest standards of integrity, there is a clear and effective division of responsibilities between the Chairman and the General Manager, with each playing a distinctive yet complementary role.

**Principle 4 – There should be a formal and transparent process for the identification, assessment, appointment and reappointment of directors to the Board. The Board, not Senior Management, nominates candidates and promotes appropriate succession planning of directors.**

The GNC is responsible for making recommendations to the Board on key matters, including:

- Reviewing Board succession plans for directors;
- Developing a process to evaluate the performance of the Board, its Board Committees and directors;
- Reviewing training and professional development programs for the Board; and
- Recommending the appointment and re-appointment of directors (including alternate directors, if applicable).

In considering appointments and re-appointments, the GNC takes into account factors such as Board composition, progressive renewal, and each directors’ competencies, commitments, contribution and performance.

## Selection Criteria for Board Members

As part of the selection criteria, candidates are assessed to ensure they:

- Possess the necessary knowledge, skills, experience, and for non-executive directors, independence of mind, aligned with their Board responsibilities and the company's business and risk profile;
- Demonstrate integrity and good repute;
- Have sufficient time to fulfil their responsibilities; and
- Have the ability to foster effective collaboration and interaction among Board members

## Appointment Process for New Director

The appointment of a new director follows the appointment process established by the GNC:

### **1. Evaluation of needs**

The GNC evaluates and identifies any gaps in board composition based on agreed criteria, including generic and technical skills, relevant experience and diversity.

The Board Skills Matrix / "desired skillset and experience for future director candidates" guides the GNC in identifying the skills, experience and attributes required for a new independent director.

### **2. Nomination of potential candidates**

The GNC considers nominations from board members, management and shareholders.

Where appropriate, a third-party executive search firm may be engaged to identify suitable candidates.

### **3. Evaluation of potential candidates**

The GNC evaluates potential candidates based on its assessment of board needs and in consultation with board members and key stakeholders.

The GNC uses the approved “New Director Qualification Assessment Process” which is divided in two parts:

- The fit and proper assessment checklist for director (“Director Fit and Proper Assessment Checklist”) which outlines the assessment criteria and required documentation; and
- The skills and experience self-assessment checklist for director (“Director Skills and Experience Self-Assessment Checklist”) which details the skills and experience required across various areas.

#### **4. Recommendation to Board for approval**

Following evaluation and consultation with shareholders, the GNC presents its recommendation/s to the Board for approval.

#### Re-Appointment of Directors

In line with the Guidelines on Corporate Governance for Finance Companies, directors are nominated for re-appointment every three years. Under the company’s Article of Association, newly appointed directors are re-appointed the year following their initial appointment under Article 82. Incumbent directors are re-appointed once every three years under Articles 75 and 77. The GNC reviews and recommends appointments and re-appointments to the Board and shareholders for approval at the Annual General Meeting, held each March.

**Principle 5 – The Board should define appropriate governance structures and practices for its own work and put in place the means for such practices to be followed and periodically reviewed for ongoing effectiveness. There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board.**

The Board plays a pivotal role in developing and implementing Baiduri Bank Group’s strategy. It is responsible for setting Baiduri Bank Group’s strategic direction and ensuring alignment with its mission and values.

The Board is guided by the Baiduri Finance Board Charter which outlines its duties, responsibilities, and roles in accordance with all applicable laws. The effectiveness of the Board and Board Committees is further strengthened by the composition of independent directors on the Board and the chairmanship of the Board Committees which are held by a majority of independent directors:

- Group EXCO – YAM Pg Muda Dr Abdul Fattaah
- Group Risk Management Committee – Prof David Grayson CBE
- Group Nomination Committee – Dato Paduka Timothy Ong Teck Mong
- Group Remuneration Committee – Dato Paduka Timothy Ong Teck Mong
- Baiduri Finance Audit Committee – Haji Shazali bin Dato Haji Sulaiman

To ensure continued effectiveness, an annual Board assessment is conducted to evaluate the performance of the Board, its Board Committees and Director. The assessment process is as follows:

1. Performance evaluation forms are completed each year for each Board and Board Committee which the director is a member of.
2. The Board Secretary circulates the forms through Diligent Boards, and each Board member completes them individually.
3. The Corporate Governance team consolidates, summarises the responses, highlights areas needing improvement, and incorporates comments into an assessment report for the GNC.
4. The summarised assessment report is presented to the Board for consideration, enabling the Board to decide on any necessary improvements and action plans.

**Principle 6 – The Board should meet regularly and be duly furnished with complete and timely information.**

The Board meets at least four times per year. In 2025, the directors complied with the minimum attendance requirement for Board and Board Committee meetings. Directors are required to attend at least 75% of these meetings annually, and attendance for 2025 reflects compliance with this requirement.

| Name                         | Role     | Board and Board Committees |   |            |   |      |   |      |    |     |   |     |   |     |   |
|------------------------------|----------|----------------------------|---|------------|---|------|---|------|----|-----|---|-----|---|-----|---|
|                              |          | BOD                        |   | GROUP EXCO |   | GRMC |   | BFAC |    | GNC |   | GRC |   | AGM |   |
|                              |          | H                          | A | H          | A | H    | A | H    | A  | H   | A | H   | A | H   | A |
| YAM Pg Muda Dr Abdul Fattaah | Chairman | 4                          | 4 | 4          | 4 | 4    | 4 | NA   | NA | 4   | 4 | 3   | 3 | 1   | 1 |

|                                     |          |   |   |    |    |    |    |    |    |    |    |    |    |   |   |
|-------------------------------------|----------|---|---|----|----|----|----|----|----|----|----|----|----|---|---|
| Dato Paduka Timothy Ong Teck Mong   | Director | 4 | 4 | NA | NA | 4  | 4  | 2  | 2  | 4  | 4  | 3  | 3  | 1 | 1 |
| Pierre Imhof                        | Director | 4 | 4 | 4  | 4  | 4  | 4  | 2  | 2  | NA | NA | 3  | 3  | 1 | 1 |
| Haji Shazali bin Dato Haji Sulaiman | Director | 4 | 4 | NA | NA | NA | NA | 2  | 2  | NA | NA | NA | NA | 1 | 1 |
| Haji Haliluddin bin Dato Haji Talib | Director | 4 | 4 | 4  | 4  | NA | NA | NA | NA | NA | NA | NA | NA | 1 | 1 |
| Ti Eng Hui                          | Director | 4 | 4 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | 1 | 1 |

H – Held

A – Attended

NA – Not applicable as the director is not a member of the Committee

To support effective participation, the Board Secretary ensures that the agenda and meeting materials are distributed at least seven days before each meeting. These materials include key documents such as financial reports, strategic updates, and other relevant information necessary for decision-making. Meeting minutes are recorded accurately and promptly distributed to all directors.

The Board Secretary ensures that the agenda and meeting materials are distributed at least seven (7) days before each Board meeting, providing ample time for all directors to review the relevant information. Meeting minutes are recorded in a clear, accurate and timely manner.

**Principle 7 – There should be a formal and transparent procedure for fixing the remuneration packages of Board members, Chief Executive Officers and Senior Management and the remuneration policies and practices should be in line with the Finance company’s ethical values, objectives and culture.**

The Group Remuneration Policy sets out Baiduri Bank Group's policy towards attracting, motivating and retaining people with the skills and talents to contribute significantly to Baiduri Bank Group's strategic objectives, business plans and corporate values.

The GRC oversees the implementation of the Group Remuneration Policy, including the remuneration and benefits of non-executive board members and the General Manager. The GRC comprises of at least three Bank board members, with a majority of independent directors, and is chaired by an independent director. The Group Remuneration Policy will be reviewed at least annually to ensure ongoing alignment with Baiduri Bank Group's strategic objectives, business plans and corporate values.

Baiduri Bank Group adopts a performance-based compensation approach that considers both individual performance and the overall performance of Baiduri Bank Group. Employee compensation comprises two components:

- A fixed component: includes basic salary and a 13<sup>th</sup> month fixed bonus, benchmarked against comparable roles in similar organisations; and
- A variable component: based on the employee's performance and contribution, as measured through the Group Annual Performance Management process, and Baiduri Bank Group's financial results and strategic achievements.

Performance assessment for Senior Management and all employees are conducted annually against pre-defined targets set at the beginning of the financial year. Assessments are weighted 60% on Goals and Objectives and 40% on Objectives.

The Head of Group Human Resources & Administration consolidates performance assessments from all divisions and business units, conducts a moderation exercise to ensure an overall balanced performance, and presents the results to the GRC meeting for approval.

Board members receive attendance fees for Board and Board Committee meetings as determined by the GRC.

**Principle 8 – The Board should present a balanced and understandable assessment of the finance company’s performance, risk position and prospects.**

To ensure that the Board provides a balanced and clear assessment of the company’s performance, risk profile, and prospects, it relies on comprehensive input from both Board-level and Management-level committees. These committees provide oversight, reports, and recommendations across key functional areas, enabling the Board to make well-informed decisions in line with the company’s strategic objectives and risk appetite.

To support effective governance and alignment in executing the business strategy, risk appetite and policies approved by the Parent Board, Baiduri Bank Group has established a two-tiered committee structure:

1) Board-Level Committees

- Group EXCO
- Group Risk Management Committee
- Group Nomination Committee
- Group Remuneration Committee
- Baiduri Finance Audit Committee

2) Management-Level Committees

The following Management-level Committees assist the General Manager in the day-to-day management of company:

| <b>Management-level Committees</b>       | <b>Roles and Responsibilities</b>   |
|--|---|
| Asset & Liability Committee              | Oversees the asset and liability management, interest rate and hedging activities, funding, net interest margin, profitability, liquidity management and product pricing. |
| Business Continuity Management Committee | Provides oversight, and guidance for Baiduri Bank Group’s BCM programme to ensure continuity of critical business functions and adherence to best practices.              |
| Group Fraud Committee                    | Ensures effective fraud risk management including due diligence, oversight, governance, reporting and remediation.  |
| Group Compliance and                     | Monitors regulatory and compliance-related activities, ensuring appropriate tracking and follow-up until closure.   |

|                                      |   |
|--------------------------------------|---|
| Governance Committee                 |   |
| Group Credit Committee               | Manages day-to-day oversight of credit risk arising from Baiduri Bank Group's lending activities.   |
| IT Steering Committee                | Oversees IT infrastructure strategies, projects, initiatives and progress.  |
| Management Committee                 | Executes and manages Baiduri Bank Group's activities in alignment with the business strategy, risk appetite, remuneration and Parent Board approved policies.                                   |
| Operational Risk Committee           | Designs, implements, and monitors Baiduri Bank Group's operational and compliance risk framework, including related policies and internal controls, ensuring timely remedial actions are taken. |
| Procurement Committee                | Reviews and approves Baiduri Bank Group's expenditures exceeding the CEO's delegation for fixed asset investments and purchases.  |
| Risk Management Committee            | Reviews Baiduri Bank Group's risk profile, addresses material risk issues, and discusses top and emerging risks.  |
| Sustainability Committee             | Develops, implements, and monitors sustainable practices and policies aligned with Baiduri Bank Group's goals and values.   |
| Treasury & Investment Committee      | Oversees strategies and recommendations relating to Treasury and Investment activities.   |
| Baiduri Finance Management Committee | Oversees key aspects of Baiduri Finance's operations, including performance, risk, audit, compliance, and customer service.   |
| Baiduri Finance Credit Committee     | Manages and oversees credit risk arising from Baiduri Bank Group's lending activities on a day-to-day basis.  |

**Principle 9 – The Board is responsible for the governance of risk. The Board should ensure that Senior Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the finance company's assets and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.**

The Board has oversight of the governance of risk across Baiduri Bank Group. It defines Baiduri Bank Group's risk appetite, approves key risk policies, and ensures that Senior Management maintains a robust system of risk management and internal controls to protect shareholders' interests and safeguards the company's assets. Risk management is embedded throughout Baiduri Bank Group and is structured according to the three lines of defense model.

- The first line of defense is provided by the business units and supporting functions, where risks are undertaken in the pursuit of business objectives. First-line management is accountable for identifying, measuring, assessing, mitigating, controlling, monitoring and reporting risks inherent in their products, activities, processes, and systems. These activities are conducted in alignment with Baiduri Bank Group's risk appetite, policies, procedures, and controls. Ownership of risks and corresponding controls resides with the first line of defense.
- The second line of defense is provided by independent control functions, including Risk Management and Compliance. The Risk Management function oversees Baiduri Bank Group's risk-taking activities and conducts risk assessments. The Compliance function ensures adherence to applicable laws, regulations, and internal policies. Both functions operate independently from the business lines, providing objective oversight, monitoring, and reporting to Senior Management and the Board.
- The third line of defense is provided by an independent Internal Audit function, which evaluates the effectiveness of Baiduri Bank Group's Risk Management Framework, including the risk governance arrangements. It provides independent review and objective assurance on the quality and effectiveness of Baiduri Bank Group's internal controls, the first and second lines of defense, and key processes related to strategic planning, business decision making, and compensation.

Baiduri Bank Group has also established policies, processes, and systems to ensure assurance that material risks potentially affecting the achievement of Baiduri Bank Group's strategic objectives are identified and continually assessed. This assessment covers all types of material risks categories, including but not limited to:

- Strategic
- External Environment
- Capital Adequacy
- Earnings
- Funding and Liquidity
- Market and Interest Rate
- Asset Quality
- Diversification
- Operational and Technology Risk
- People
- Compliance
- Reputation

Risk identification and assessment considers both internal and external factors that could adversely impact Baiduri Bank Group's financial performance, operations effectiveness, regulatory compliance and reputation with stakeholders.

**Principle 10 – Finance companies should have an effective independent risk management function under the direction of a Chief Risk Officer (CRO) with sufficient stature, independence, resources and access to the board.**

The Group Risk function, led by the Head of Group Risk, oversees all risk-taking activities across Baiduri Bank Group. The Head of Group Risk possesses the necessary authority and independence to perform this critical role effectively and has direct access to the Board. This ensures that Baiduri Bank Group's risk management strategy is aligned with its overall business objectives and supported with adequate resources.

The Group Risk function is responsible for ensuring that all material risks facing the Baiduri Bank Group are properly identified, understood, measured, assessed, mitigated, controlled or avoided as appropriate, and are continuously monitored. Risk reporting is conducted through a comprehensive Monitoring and Assessment of Main Risks framework, covering twelve key risk areas: Strategic, External, Capital, Earnings, Funding & Liquidity, Market, Asset Quality, Diversification, Technology & Operations, People, Compliance, and Reputational Risk.

**Principle 11 – Risks should be identified, monitored and controlled on an ongoing enterprise-wide and individual entity basis. The sophistication of the finance company's risk management and internal control infrastructure should keep pace with changes to the finance company's risk profile to the external risk landscape and in industry practice.**

The Group Risk Appetite Statement identifies the key risks and sets out the maximum tolerance of risk that Baiduri Bank Group is prepared to take in pursuit of its strategic objectives. Baiduri Bank Group's performance against Risk Appetite limits is continuously monitored, with regular reviews to ensure that risk-taking activities remain within the established boundaries. Senior Management is expected to consider the Risk Appetite Statement as a central guide in its decision-making.

The Group Operational Risk Management Framework is periodically reviewed and updated to ensure its continued robustness and alignment with the evolving risk profile of Baiduri Bank Group. The framework incorporates key components such as the annual risk and control self-assessment process, risk event reporting, issues management, outsourcing risk management, and third-party risk management, all underpinned by respective policies and procedures.

The Group Risk function is governed by BDCB Guidelines on Risk Management Framework (BU/G-9/2018/17), Guidelines on Credit Risk Management (BU/G-1/2018/9), Guidelines on Market Risk Management (BU/G-1/2020/20), Guidelines on Operational Risk Management (BU/G-1/2022/22) and Guidelines on Liquidity Risk Management (BU/G-1/2023/24).

**Principle 12 – The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties. The Chairman must be an Independent Director and must not be the Chairman of the Board or of any other committee.**

The Board has established an Audit Committee, known as the Baiduri Finance Audit Committee ("BFAC"), governed by written terms of reference that clearly define its authority, roles and responsibilities in accordance with Principle 1. The BFAC is comprised exclusively of non-executive directors, all of whom are independent. The BFAC is chaired by an independent director appointed by the Board. In line with good governance practice, the Chairman of the Board and the chairpersons of other Board Committees do not serve as Chairperson of the BFAC.

**Principle 13 – The finance company should establish an effective internal audit function that is adequately resourced and independent of the activities of its audits. The internal audit function should provide independent assurance to the board and should support board and senior management in promoting an effective governance process and the long-term soundness of the Finance company.**

The Internal Audit function operates in accordance with the Global Internal Audit Standards, Internal Audit Procedure Manual and is further governed by the Internal Audit Department Charter dated 24 September 2025. The Internal Audit function is adequately resourced and maintains full independence from the activities it reviews. It reports directly to the Baiduri Finance Audit Committee ("BFAC"), thereby preserving its independence, objectivity, and authority.

The Internal Audit function provides independent and objective assurance and advisory services to the Board and Senior Management, supporting the effectiveness of the Group's governance framework and the soundness of the company. The Internal Audit function adopts a risk-based audit methodology, prioritising areas of higher risk across the Baiduri Bank Group. Audit frequency is determined by the risk profile of each entity, ensuring audit coverage is proportionate and responsive to assessed risks.

**Principle 14 – The finance company's board of directors is responsible for overseeing the management of the Finance company's compliance risk. The board should establish a compliance function and approve the finance company's policies and processes for identifying, assessing, monitoring and reporting and advising on compliance risk.**

In line with Principle 14, the Board of Directors of Baiduri Finance Berhad is ultimately responsible for overseeing the management of the finance company's compliance risk. The Board ensures that an appropriate compliance function is established and that policies and processes are in place for identifying, assessing, monitoring, reporting, and advising on compliance risks.

The Board relies on the Group Compliance Policy, which is approved by the Baiduri Bank Board, as the overarching framework governing compliance risk management across the Group, including Baiduri Finance Berhad. This policy sets out the principles and framework to ensure adherence to applicable laws, regulations, and internal requirements.

The Group Compliance Department (GCD) provides quarterly updates directly to the Board of Baiduri Finance Berhad on key compliance matters, and the status of compliance activities relevant to the finance company. In addition, ongoing Group-level

oversight of compliance risk management is supported through quarterly reporting by GCD to the Group Risk Management Committee (GRMC).

Separately, the Group Audit Committee (GAC) oversees the implementation of the Group Compliance Policy, including ensuring that issues relating to compliance matters are resolved effectively and in a timely manner by Senior Management with the assistance of the compliance function.

**Principle 15 – Finance companies should treat all shareholders fairly and equitably and should recognise, protect and facilitate the exercise of shareholders’ rights and continually review and update such governance arrangements.**

Baiduri Finance Berhad is a wholly owned subsidiary of the Bank. The company is committed to treating all shareholders fairly and equitably by ensuring transparency and providing full disclosure of material information. This encompasses financial data, operational updates, and other significant business activities. Shareholders can readily access this information via the Bank’s website and Annual Reports. By making all material information accessible, the company upholds shareholder rights, enabling informed decision-making and participation in the governance of the company.

**Principle 16 – Finance companies should actively engage their shareholders, depositors and other relevant stakeholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.**

The Group Strategic Marketing and Communications Department oversees the company’s communication channels, ensuring that they are consistently updated to keep shareholders, depositors, and other stakeholders informed of material developments related to the company’s financial performance, operations and business activities.

**Principle 17 – Finance companies should encourage greater shareholder participation at general meetings of shareholders and allow shareholders the opportunity to communicate their views on various matters affecting the finance company.**

The company promotes shareholder participation at its in-person Annual General Meetings ("AGM"). At these meetings, the Chairman and Board members are available to address any questions or concerns from shareholders. Shareholders who are unable to attend in person may appoint proxies to represent them, ensuring they can participate in discussions and express their views on matters impacting the company.

**Principle 18 – Persons empowered with decision-making authority (including directors) should exercise care to avoid situations that may give rise to a conflict of interest situation.**

Baiduri Bank Group has established a Conflict of Interest Policy ("Policy") applicable across the Bank and its subsidiaries. The Policy sets out guiding principles for identifying, preventing and managing conflict of interest. The Policy is designed to help employees, and the Board of Directors uphold Baiduri Bank Group's commitment to the highest standards of ethical conduct, professionalism and integrity. The Policy also extends to Baiduri Bank Group's clients, vendors, suppliers and business associates.