

CORPORATE GOVERNANCE

AS AT 31 DECEMBER 2025

Baiduri Bank Sendirian Berhad (“the Bank”) 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 Banks (“Guidelines”) issued by Brunei Darussalam Central Bank (“BDCB”) BU/G-1/2017/5 on 2 March 2017 with the date of implementation from 1 January 2018.

Principle 1 – Every Bank should be headed by an effective Board to lead and control the Bank. The Board has ultimate responsibility for the Bank’s business strategy and financial soundness and is collectively responsible for the long-term success of the Bank, including approving and overseeing management’s implementation of the Bank’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 Bank Board (“the Board”) sets the purpose, strategic direction and risk appetite for Baiduri Bank Sendirian Berhad, Baiduri Finance Berhad and Baiduri Capital Sendirian Berhad (collectively known as “Baiduri Bank Group”) and is the ultimate decision-making body for matters of Group-wide strategic, financial, regulatory or reputational significance.

Roles of the Board

The main roles of the Board are to:

- Provide leadership, and to establish a group corporate structure and corporate governance framework;
- Exercise all powers, not exclusively reserved to shareholders, and to manage its business;
- Ensure its financial soundness and long-term growth;
- Set the “tone-from-the-top” to promote good corporate governance;
- Know and understand Baiduri Bank Group’s organisation structure, objectives and risks;
- Respect each subsidiary’s independent legal and governance responsibilities; and
- Be guided by the Guidelines and ensure compliance with applicable laws.

Responsibilities of the Board

The responsibilities of the Board include:

- **Finance**
 - To review, approve and oversee annual business plans, financial budgets, capital management, including capital adequacy, and allocation, liquidity plans, major capital expenditure, investments and divestments in meeting its objectives;
 - To maintain a robust finance function responsible for accounting and financial data;
 - To approve annual financial statements and require independent review of critical areas;
 - To approve dividend policy and observe the Authority's notices on statutory reserve fund and distribution of profits; and
 - To make material disclosures in Annual Reports as guided by the Guidelines and in compliance with applicable laws.

- **Risk Management**
 - To review, approve and oversee the implementation and effectiveness of –
 - a risk governance framework and risk management; and
 - internal control functions and system to enable risks to be identified, assessed, reported and managed.

- **Strategy**
 - To have oversight of Baiduri Bank Group's business strategies, keep up-to-date with strategic changes and external environment;
 - To consider sustainability issues, including the environment, social and governance factors, in formulating strategies;
 - To ensure obligations owed to shareholders and stakeholders are understood and met;
 - To establish group structure (including the legal entity and business structure) with clearly defined roles and responsibilities including those at the parent Bank level and at the subsidiary level as may be appropriate;
 - To delegate clear authorities and responsibilities to Senior Management in day-to-day management, where appropriate and having regard to the established group structure;
 - To establish terms of reference and oversee the effectiveness of Board Committees; and
 - To understand it remains accountable and responsible for any authority it delegates to Board Committees and Senior Management.

- **Human Resources**
 - To review, approve and oversee the formulation and implementation of human resources strategies, including appointment of Key Responsible Persons, recruitment, promotion and training, and remuneration strategies for directors and employees; and
 - To oversee the integrity and effectiveness of policies which include but are not limited to 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; and
 - Appointment and extension of contract of the CEO.

 - Remuneration matters
 - Approval of remuneration packages, including service contracts, for the CEO, key senior management, other material risk takers, and any other person as the Board determines;
 - Determination of Baiduri Bank Group's corporate goals and objectives relevant to the remuneration of the CEO and evaluating the performance of the CEO in light of these objectives; and
 - Determination 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 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 Baiduri Bank Group; and
 - Approval of key policies of Baiduri Bank Group.
- Financial
- Approval of annual budget of the Bank and entities under the Baiduri Bank Group;
 - 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 Management;
 - Approval of financial statements and their release; and
 - 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; and
 - Approval of the review on adequacy of Baiduri Bank Group's system of risk management and internal controls.

Group EXCO

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

Name of Members	
1	YAM Pengiran Muda Dr Abdul Fattaah (Chairman)
2	Mr Pierre Imhof
3	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 Baiduri Bank 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; and
- To oversee the activities of the Assets and Liabilities Committee on capital allocation, liquidity and interest rate risks.
- 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, 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.

Group Audit Committee (“GAC”)

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

Name of Members	
1	Hjh Rahayu binti Dato Paduka Haji Abdul Razak (Chairperson)
2	Mr Pierre Imhof
3	Haji Shazali bin Dato Haji Sulaiman
4	Mohammad Harris bin Brig. Jen (B) Dato Paduka Haji Ibrahim

The purpose of the GAC 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 GAC 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 GAC are:

- To provide the Board with independent, objective advice on the adequacy of Baiduri Bank Group'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 Bank'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 Bank;
 - 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;
 - Prepares the work of, and reports to the Board in specific areas for which it has designated responsibility as defined and in accordance to the BDCB Guidelines for Internal Audit Function in Banks; and
 - Perform other activities related to the GAC Charter as requested by the Board.
- Perform other responsibilities including the following:
 - Review and assess the adequacy of the GAC 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 Baiduri Bank Group'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:

Name of Members	
1	YAM Pengiran Muda Dr Abdul Fattaah
2	Dato Paduka Timothy Ong Teck Mong (Chairman)
3	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, CEO and where appropriate Senior Management;
 - Appointment and performance evaluation of the CEO;
 - 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 (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, CEO 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; and
 - 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 organisation, and the framework within which the Bank 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> <p>Tour of site by CEO or DCEO</p>
Company Information	<p>Briefing on the company's function and services by CEO or DCEO:</p> <ul style="list-style-type: none"> - Company history Vision, mission and values - Corporate profile - Baiduri Bank Group's strategic plan
Role Description	<p>Briefing by the CEO or DCEO on:</p> <ul style="list-style-type: none"> - Board and Board Committee composition and structure - New Director roles and responsibilities - Board processes and procedures relevant to the director's role - Training and professional development needs - Evaluation of Board / Board Committees and Directors
Management Committee Introduction	<p>One on one sessions with each Management Committee member to present the following:</p> <ul style="list-style-type: none"> - Background of Management Committee members - Organisational Chart of respective department - Key roles and responsibilities of the respective department
Induction Review	<p>New directors may provide feedback to the Chairman or CEO on the induction process to identify potential areas for improvement</p>

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, and five non-executive and independent directors. 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.

	List of Directors	Type
1	YAM Pengiran Muda Dr Abdul Fattaah (Chairman)	Non-Executive and Non-Independent
2	Dato Paduka Timothy Ong Teck Mong	Non-Executive and Independent
3	Mr Pierre Imhof	Non-Executive and Independent
4	Hjh Rahayu binti Dato Paduka Haji Abdul Razak	Non-Executive and Independent
5	Prof David Grayson CBE	Non-Executive and Independent
6	Mohammad Harris bin Brig. Jen (B) Dato Paduka Haji Ibrahim	Non-Executive and Independent

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

The roles of Chairman and the CEO 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 Bank'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 CEO, 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 Bank'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 recommendations to the Board for approval.

Re-Appointment of Directors

In line with the Guidelines on Corporate Governance for Banks, directors are nominated for re-appointment every three years. Under the Bank's Article of Association, newly appointed directors are re-appointed the year following their initial appointment under Article 82. Incumbent directors are re-appointed 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 Bank 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 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 Audit Committee – Hajah Rahayu binti Dato Paduka Haji Abdul Razak
- Group Nomination Committee – Dato Paduka Timothy Ong Teck Mong
- Group Remuneration Committee – Dato Paduka Timothy Ong Teck Mong

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 for 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 – In a group structure, the Board of the parent Bank has the overall responsibility for the group and for ensuring the establishment and operation of a clear governance framework appropriate to the structure, business and risks of the group and its entities. The Board and Senior Management should know and understand the Bank group’s organisational structure and the risks that it poses.

The Bank's wholly owned subsidiaries include Baiduri Finance Berhad and Baiduri Capital Sdn Bhd.

The Board has implemented a Group-wide governance approach, with representations on the boards of its subsidiaries. This ensures consistency in governance practices and alignment with Baiduri Bank Group's Strategic Plan, facilitating coherent execution across Baiduri Bank Group.

The Board is ultimately responsible for establishing and maintaining an effective governance framework appropriate to Baiduri Bank Group's structure, business operations, and associated risks. Through its representation on subsidiary boards, the parent Board exercises oversight to ensure the framework remains aligned with Baiduri Bank Group's objectives.

Additionally, Baiduri Bank Group's Risk, Compliance, Legal, Finance, Human Resource, and Internal Audit functions provide continuous support and oversight to the subsidiaries. Regular consultations between these central functions and the subsidiaries enable the timely identification, assessment, and management of emerging risks, ensuring alignment with Baiduri Bank Group's overall governance and risk management strategies.

The Board and Senior Management remain engaged in understanding the organisational structure and the inherent risks across Baiduri Bank Group's operations, ensuring that potential risks are proactively identified and effectively managed.

Principle 7 – 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 majority of 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.

An exception applied to Mohd Harris bin Brig. Jen. (B) Dato Paduka Haji Ibrahim, whose attendance in the Group Audit Committee meetings of March and September 2025 was impacted by official duties undertaken in the national interest.

Name	Role	Board and Board Committees													
		BOD		GROUP EXCO		GRMC		GAC		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	N	N	4	4	3	3	1	1
Dato Paduka Timothy Ong Teck Mong	Director	4	4	N	N	4	4	N	N	4	4	3	3	1	1
Pierre Imhof	Director	4	4	4	4	4	4	4	4	N	N	3	3	1	1
Hajah Rahayu binti Dato Paduka Haji Abdul Razak	Director	4	4	N	N	N	N	4	4	N	N	N	N	1	1
Prof David Grayson CBE	Director	4	4	N	N	4	4	N	N	4	4	N	N	1	1

Mohd Harris bin Brig. Jen (B) Dato Paduka Haji Ibrahim	Director	4	4	N A	N A	N A	N A	4	2	N A	N A	N A	N A	1	1
Haji Shazali bin Dato Haji Sulaiman	Director (Baiduri Finance Berhad)	N A	N A	N A	N A	N A	N A	4	4	N A	N A	N A	N A	N A	N A

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.

Principle 8 – 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 Bank’s ethical values, objectives and culture.

The Group Remuneration Policy outlines Baiduri Bank Group’s approach to attracting, motivating and retaining individuals with the skills and expertise required to contribute meaningfully 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 CEO. 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 13th 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 Competencies.

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. In recognition of their responsibilities and contributions, non-executive board members of Baiduri Bank are entitled to a combined annual director's fee equivalent to 5% of audited Bank Net Profit After Tax, in accordance with GRC guidelines.

Principle 9 – The Board should present a balanced and understandable assessment of the Bank's performance, risk position and prospects.

To ensure that the Board provides a balanced and clear assessment of the Bank'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 Bank's strategic objectives and risk appetite.

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

- 1) Board-Level Committees
 - Group EXCO
 - Group Risk Management Committee
 - Group Audit Committee
 - Group Nomination Committee
 - Group Remuneration Committee

- 2) Management Level Committees

The following Management-level Committees assist the CEO in the day-to-day management of Baiduri Bank Group:

Management-level Committees	Roles and Responsibilities
Asset & Liability Committee	Oversees 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 & Governance Committee	Monitors regulatory and compliance-related activities, ensuring appropriate tracking and follow-up until closure.
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 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.

Principle 10 – 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 Bank'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 risk governance 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 safeguard the Bank'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 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 that material risks potentially affecting the achievement of Baiduri Bank Group's strategic objectives are identified and continually assessed. This assessments 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 consider both internal and external factors that could adversely impact Baiduri Bank Group's financial performance, operational effectiveness, regulatory compliance, and reputation with stakeholders.

Principle 11 – Banks 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 12 – Risks should be identified, monitored and controlled on an ongoing bank-wide and individual entity basis. The sophistication of the Bank’s risk management and internal control infrastructure should keep pace with changes to the Bank’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 13 – 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 Group Audit Committee (“GAC”), governed by written terms of reference that clearly define its authority, roles, and responsibilities in accordance with Principle 1. The GAC is comprised exclusively of

non-executive directors, all of whom are independent. The GAC 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 GAC.

Principle 14 – The Bank 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 Bank.

The Internal Audit function operates in accordance with the Guidelines for the Internal Audit Function in Banks (BU/G-3/2018/11) issued by the Brunei Darussalam Central Bank on 2 January 2018, 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 Group Audit Committee (“GAC”), 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 Bank. 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 15 – The Bank’s board of directors is responsible for overseeing the management of the Bank’s compliance risk. The board should establish a compliance function and approve the Bank’s policies and processes for identifying, assessing, monitoring and reporting and advising on compliance risk.

In line with Principle 15, the Board is ultimately responsible for overseeing the management of the Bank’s compliance risk. The Board establishes a compliance function and approves the policies for identifying, assessing, monitoring, reporting, and advising on compliance risks.

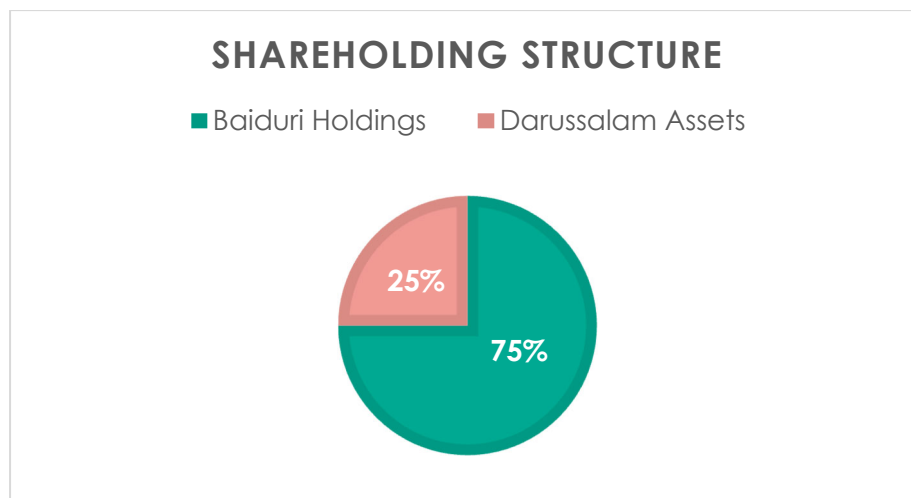
The Board delegates ongoing oversight of compliance risk management to the Group Risk Management Committee (GRMC). The Group Compliance Department (GCD) reports to the GRMC on a quarterly basis on key compliance matters and the status of compliance activities across Baiduri Bank Group.

The Board, advised by the GRMC, approves the Group Compliance Policy, which sets out the principles and framework for managing compliance risks and ensuring adherence to applicable laws, regulations, and internal policies.

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 16 – Banks 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.

The current shareholding structure of the Bank is outlined below:



The Bank 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 Bank upholds shareholder rights, enabling informed decision-making and participation in the governance of the Bank.

Principle 17 – Banks 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 Bank's communication channels, ensuring that they are consistently updated to keep shareholders, depositors, and other stakeholders informed of material developments related to the Bank's financial performance, operations and business activities.

Principle 18 – Banks should encourage greater shareholder participation at general meetings of shareholders and allow shareholders the opportunity to communicate their views on various matters affecting the Bank.

The Bank 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 Bank.

Principle 19 – 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 situations of 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.