

**Bank Islam Brunei Darussalam Berhad  
and its Subsidiaries**

Registration Number: RC00006420

Annual Report  
Year ended 31 December 2025

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## Directors' Report

The directors have pleasure in presenting this report together with the audited financial statements of Bank Islam Brunei Darussalam Berhad (the "Bank") and its subsidiaries (the "Group") for the financial year ended 31 December 2025.

### Principal activities

The Bank is principally engaged in the provision of Islamic banking business as allowed under the Islamic Banking Act, Chapter 168 and Shariah principles.

The subsidiaries are principally engaged in the provision of investment banking, Islamic hire-purchase, stockbroking, asset and fund management, leasing and management services.

There were no significant changes in these activities during the financial year.

### Results

	<b>Group</b>	<b>Bank</b>
	<b>BS'000</b>	<b>BS'000</b>
Profit for the year		
Attributable to:		
Equity holders of the Bank	<u>121,640</u>	<u>120,283</u>

### Dividends

The amount of dividends paid by the Bank since 31 December 2024 are as follows:

	<b>BS'000</b>
In respect of the financial year ended 31 December 2024:	
Final dividend of 14.00 cents per ordinary share paid on 22 September 2025	101,465

## **Directors**

The names of directors of the Bank at the date of this report and during the period under this report are:

Dato Seri Setia Awang Haji Ahmaddin bin Haji Abdul Rahman

Dato Seri Setia Dr Awang Haji Mazanan bin Haji Yusof

Poh Kui Choon

Shamsul Bahri bin Haji Khamis

Hajah Suriana binti Haji Radin

Junaidi bin Haji Masri

## **Directors' benefits**

Neither at the end of the financial year, nor at any time during that year, did there exist any arrangements to which the Bank was a party, whereby the directors might acquire benefits by means of acquisition of shares in the Bank or any other corporate body.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefit included in the aggregate amount of emoluments received or due receivable by directors, or the fixed salary of a full time employee of the Bank as disclosed in Note 34 to the financial statements) by reason of a contract made by the Bank or a related corporation with any director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.


**Directors' interests**

The following directors who held office at the end of the financial year had, according to the register required to be kept under Section 145 (A), of the Companies Act, Chapter 39, an interest in shares of the Bank, as stated below:

<b>Name of directors</b>	<b>Number of ordinary shares of B\$0.70 each</b>	
	<b>At beginning of the year</b>	<b>At end of the year</b>
Junaidi bin Haji Masri	2	2

Other than as disclosed, none of the directors in office at the end of the financial year had any interest in shares and in options in the Bank or its related corporations during the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated **10 MAR 2026**

  
\_\_\_\_\_  
**Dato Seri Setia Awang Haji Ahmaddin bin Haji Abdul Rahman**  
*Chairman*

  
\_\_\_\_\_  
**Junaidi bin Haji Masri**  
*Managing Director*

  
\_\_\_\_\_  
**Poh Kui Choon**  
*Director*


**Brunei Darussalam**

## **Statement by Directors**

In the opinion of the Directors, the financial statements set out on pages FS1 to FS127 are drawn up in accordance with the Brunei Darussalam Companies Act, Chapter 39 (the “Act”), Islamic Banking Act, Chapter 168 (the “IBA”) and International Financial Reporting Standards (“IFRS”) Accounting Standards so as to give a true and fair view of the financial position of the Group and the Bank as of 31 December 2025 and the financial performance, changes in equity and cash flows of the Group and the Bank for the financial year ended 31 December 2025.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated

**10 MAR 2026**



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**Dato Seri Setia Awang Haji Ahmaddin bin Haji Abdul Rahman**  
*Chairman*



---

**Junaidi bin Haji Masri**  
*Managing Director*



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**Poh Kui Choon**  
*Director*

**Brunei Darussalam**

## **Shariah Advisory Body Report**

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

أَلْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ، وَالصَّلَاةُ وَالسَّلَامُ عَلَى سَيِّدِنَا مُحَمَّدٍ وَعَلَى آلِهِ وَصَحْبِهِ أَجْمَعِينَ

**To the Shareholders of Bank Islam Brunei Darussalam Berhad,**

السلام عليكم ورحمة الله وبركاته

In compliance with the terms of our appointment and in our capacity as members of Bank Islam Brunei Darussalam Berhad’s Shariah Advisory Body, we are pleased to report as follows:

- a) We have reviewed the principles outlined in the contracts that relate to the transactions as well as the applications of these principles in the products and services introduced by Bank Islam Brunei Darussalam Berhad (the “Bank”) and its Group of Companies (the “Group”) through consultation with the respective Bank’s subsidiaries’ Shariah Advisory Body (the “Subsidiaries’ SAB”) during the course of the financial year ended 31 December 2025. We have also conducted our review to form an opinion as to whether the Bank and the Group has complied with *Hukum Syara’*.
- b) The Bank’s and the Group’s management are responsible for ensuring that its operations are carried out in line with *Hukum Syara’*. It is our responsibility to present an independent opinion based on our review of the Bank’s and the Group’s business operations and subsequently report to you.
- c) We have assessed the work carried out by the Shariah control functions which also include Shariah review and Shariah audit examination, on a test basis, each type of transactions, the relevant documentation and procedures adopted and or entered by the Bank and the Group.
- d) We obtained all information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bank and the Group has not violated the *Hukum Syara’* in all transactions that had been presented to us.

We, the Shariah Advisory Body of Bank Islam Brunei Darussalam are of the opinion and hereby confirm that: -

- a. The products and services, contracts and dealings transactions entered into by the Bank and the Group during the financial period ended 31 December 2025 that we have reviewed are in compliance with *Hukum Syara'*;
- b. The allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with *Hukum Syara'*;
- c. All earnings that have been realised from sources or by means prohibited by the *Hukum Syara'* have been separated and considered for *Maslahah 'Ammah* (public benefit) disposal upon approval by us;
- d. Every incident of Shariah non-compliant event has been brought to our attention and we have subsequently noted that the corrective as well as preventive measures have been taken by the Bank and the Group in order to avoid the same from occurring in the future; and
- e. The zakat of the Bank and the Group's business is in accordance with the calculation methodology approved by this Body.

This opinion is rendered based on the information presented by the management of the Bank to us.

We pray to Allah *Subhanahu Wa Ta'ala* to assist us to act in accordance with the rulings of Islam and to keep away from carrying out any transactions that are prohibited by Allah *Subhanahu Wa Ta'ala*. May Allah *Subhanahu Wa Ta'ala* bless us with the best *taufiq* and *hidayah* to accomplish these cherished tasks, grant us success and forgive our mistakes in both this world and in the hereafter. Amin.

والله ولي التوفيق

Signed on behalf of the Shariah Advisory Body in accordance with resolution of the members,



**Hajah Noraini binti Haji Buntar**  
*Chairperson*

**Brunei Darussalam**



## Independent Auditor's Report

To the Board of Directors of  
**Bank Islam Brunei Darussalam Berhad**  
Bangunan BIBD, Lot 159, Jalan Pemancha  
Bandar Seri Begawan BS8711  
Negara Brunei Darussalam

### Report on the Audit of the Financial Statements

#### Our Opinion

In our opinion, the accompanying consolidated financial statements of Bank Islam Brunei Darussalam Berhad and its subsidiaries (the Group) and the parent financial statements of Bank Islam Brunei Darussalam Berhad (the Parent Bank) are properly drawn up in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (the Act), Islamic Banking Act, Chapter 168 and the International Financial Reporting Standards (IFRS) Accounting Standards so as to give a true and fair view of the financial position of the Group and of the Parent Bank as at 31 December 2025, and of their financial performance and of their cash flows for the year then ended.

#### What we have audited

The financial statements comprise:

- the consolidated and parent statement of profit or loss for the year ended 31 December 2025;
- the consolidated and parent statement of comprehensive income for the year ended 31 December 2025;
- the consolidated and parent statement of financial position as at 31 December 2025;
- the consolidated and parent statement of changes in equity for the year ended 31 December 2025;
- the consolidated and parent statement of cash flows for the year ended 31 December 2025; and
- the notes to the consolidated and parent financial statements, comprising material accounting policy information and other explanatory information.

PricewaterhouseCoopers Services, 13th Floor, PGGMB Building,  
Jalan Kianggeh, Bandar Seri Begawan BS8111, Brunei Darussalam  
+673 224 1951



Independent Auditor's Report  
To the Board of Directors of  
Bank Islam Brunei Darussalam Berhad  
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### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Group and of the Parent Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the consolidated and parent financial statements of public interest entities in Brunei Darussalam. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### **Other matter**

The financial statements of the Group and of the Parent Bank as at and for the year ended 31 December 2024 were audited by another firm of auditors whose report, dated 24 March 2025, expressed an unmodified opinion on those consolidated and parent financial statements.



Independent Auditor's Report  
To the Board of Directors of  
Bank Islam Brunei Darussalam Berhad  
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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report, Statement by Directors and Shariah Advisory Body Report but does not include the consolidated and parent financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated and parent financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent financial statements to our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **Responsibilities of the Directors and Those Charged with Governance for the Financial Statements**

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



Independent Auditor's Report  
To the Board of Directors of  
Bank Islam Brunei Darussalam Berhad  
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In preparing the consolidated and parent financial statements, the directors is responsible for assessing the ability of the Group and of the Parent Bank to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group and the Parent Bank or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated and parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Parent Bank's internal control.



Independent Auditor's Report  
To the Board of Directors of  
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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Parent Bank to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent financial statements, including the disclosures, and whether the consolidated and parent financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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



Independent Auditor's Report  
To the Board of Directors of  
Bank Islam Brunei Darussalam Berhad  
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### **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Parent Bank have been properly kept in accordance with the provisions of the Act. We have obtained all the information and explanations that we required.

### **PricewaterhouseCoopers Services**

A handwritten signature in blue ink, appearing to read 'Chai Xiang Yuin', is written over a faint, light blue circular stamp or watermark.

Chai Xiang Yuin  
Partner

Brunei Darussalam  
18 March 2026

**Statements of Profit or Loss**

**Year ended 31 December 2025**

**(With comparative figures for the year ended 31 December 2024)**

	Note	Group		Bank	
		2025 B\$'000	2024 B\$'000	2025 B\$'000	2024 B\$'000
Profits from financing, leasing and investments	3	466,958	471,231	427,094	439,577
Profits paid/payable to depositors	4	(121,673)	(139,112)	(120,814)	(137,899)
Net profit margin		345,285	332,119	306,280	301,678
Fee and commission income	5	59,045	54,940	57,017	52,784
Fee and commission expense	5	(23,400)	(20,221)	(23,400)	(20,221)
Net fee and commission income		35,645	34,719	33,617	32,563
Gain/(loss) from derivatives and investments	6	69,090	(147,944)	69,090	(147,944)
Net foreign exchange (loss)/gain	6	(129,701)	102,116	(129,701)	102,116
Other operating income	7	15,063	22,201	16,009	23,883
Total income		335,382	343,211	295,295	312,296
<b>Less:</b>					
Personnel expenses	8	(84,241)	(74,799)	(70,254)	(62,469)
Other expenses	9	(91,041)	(76,452)	(69,811)	(62,838)
Total operating expenses		(175,282)	(151,251)	(140,065)	(125,307)
Operating profit before allowances		160,100	191,960	155,230	186,989
<b>Less:</b>					
Allowance for impairment on financial assets	10	(7,749)	(7,418)	(6,737)	(6,658)
Operating profit		152,351	184,542	148,493	180,331
Share of profits of associates and joint ventures	23	2,579	1,891	-	-
Profit before zakat and tax		154,930	186,433	148,493	180,331
<b>Less:</b>					
Zakat	11	(2,723)	(2,228)	(2,723)	(2,228)
Income tax expense	12	(30,567)	(30,327)	(25,487)	(27,674)
Total zakat and income tax expense		(33,290)	(32,555)	(28,210)	(29,902)
<b>Profit for the year</b>		<b>121,640</b>	<b>153,878</b>	<b>120,283</b>	<b>150,429</b>
Profit for the year attributable to:					
Equity holders of the Bank		121,640	153,878	120,283	150,429
<b>Profit for the year</b>		<b>121,640</b>	<b>153,878</b>	<b>120,283</b>	<b>150,429</b>
<b>Earnings per share</b>					
Basic earnings per share (dollars)	14	0.17	0.21		
Diluted earnings per share (dollars)	14	0.17	0.21		

**Statements of Comprehensive Income**  
**Year ended 31 December 2025**  
**(With comparative figures for the year ended 31 December 2024)**

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
<b>Profit for the year</b>	121,640	153,878	120,283	150,429
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
- Net change in fair value of equity investments at FVOCI	-	597	-	597
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
- Net change in fair value of debt investments at FVOCI	30,808	16,228	30,808	16,228
- Foreign currency translation differences	(267)	114	-	-
Share of other comprehensive income of associate	909	42	-	-
Tax on other comprehensive income	(5,687)	(3,122)	(5,687)	(3,122)
<b>Other comprehensive income for the year, net of tax</b>	25,763	13,859	25,121	13,703
<b>Total comprehensive income for the year</b>	147,403	167,737	145,404	164,132
Attributable to:				
Equity holders of the Bank	147,403	167,737	145,404	164,132
<b>Total comprehensive income for the year</b>	147,403	167,737	145,404	164,132

**Statements of Financial Position**  
**As at 31 December 2025**  
**(With comparative figures as at 31 December 2024)**

	Note	Group		Bank	
		2025 B\$'000	2024 B\$'000	2025 B\$'000	2024 B\$'000
<b>Assets</b>					
Cash and cash equivalents	15	2,392,926	2,292,521	2,395,746	2,294,400
Balances with Brunei Darussalam Central Bank	16	502,342	553,536	447,507	505,827
Placements with and financing and advances to banks	17	559,048	824,983	1,420,070	1,570,982
Government sukuks	18	22,269	9,358	22,269	9,358
Investments	19	1,395,296	1,500,220	1,395,296	1,500,220
Derivative financial assets	20	19,414	12,014	19,414	12,014
Financing and advances	21	5,983,263	5,448,261	4,967,735	4,549,430
Investments in subsidiaries	22	-	-	86,203	73,289
Investments in associates	23	59,013	58,610	32,757	34,203
Other assets	24	325,620	409,056	321,207	436,849
Property and equipment	25	111,052	112,021	79,242	80,882
Investment property	26	18,385	19,445	18,385	19,445
Deferred tax assets	27	5,650	9,900	732	6,240
<b>Total assets</b>		<b>11,394,278</b>	<b>11,249,925</b>	<b>11,206,563</b>	<b>11,093,139</b>
<b>Liabilities and equity</b>					
Deposits from customers	28	8,622,060	8,332,378	8,557,068	8,268,465
Deposits from banks and other financial institutions	29	259,216	288,390	276,876	332,323
Placements from other financial institutions	30	565,970	602,762	565,970	602,762
Derivative financial liabilities	20	18,988	65,201	18,988	65,201
Other liabilities	31	429,195	507,471	424,208	501,254
Zakat	11	9,569	7,946	9,569	7,946
Provision for taxation		34,291	39,141	31,764	37,007
Deferred tax liabilities	27	8,134	5,719	-	-
<b>Total liabilities</b>		<b>9,947,423</b>	<b>9,849,008</b>	<b>9,884,443</b>	<b>9,814,958</b>
<b>Equity</b>					
Share capital	32	507,325	507,325	507,325	507,325
Statutory reserves fund	33	605,266	599,075	558,046	552,032
Other reserves	33	334,264	294,517	256,749	218,824
<b>Total equity attributable to equity holders of the Bank</b>		<b>1,446,855</b>	<b>1,400,917</b>	<b>1,322,120</b>	<b>1,278,181</b>
<b>Total equity</b>		<b>1,446,855</b>	<b>1,400,917</b>	<b>1,322,120</b>	<b>1,278,181</b>
<b>Total liabilities and equity</b>		<b>11,394,278</b>	<b>11,249,925</b>	<b>11,206,563</b>	<b>11,093,139</b>

**Certification**

I certify that the above financial statements give a true and fair view of the financial position as at 31 December 2025 and the financial performance for the year ended 31 December 2025.



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**Junaidi bin Haji Masri**  
*Managing Director*

The financial statements were approved by the Board of Directors and signed for and on its behalf of the Board.



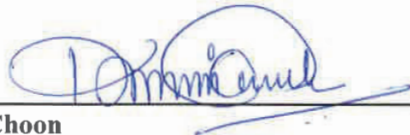
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**Dato Seri Setia Awang Haji Ahmaddin bin Haji Abdul Rahman**  
*Chairman*



---

**Junaidi bin Haji Masri**  
*Managing Director*



---

**Poh Kui Choon**  
*Director*

**Brunei Darussalam**  
**10 MAR 2026**

**Statement of Changes in Equity**  
**Year ended 31 December 2025**  
**(With comparative figures for the year ended 31 December 2024)**

Group	Note	Share capital BS'000	Statutory reserves fund BS'000	-----Other reserves-----			Total shareholders' funds BS'000
				Fair value reserve BS'000	Foreign currency translation reserve BS'000	Retained profits BS'000	
At 1 January 2025		507,325	599,075	(8,574)	(97)	303,188	1,400,917
Profit for the year		-	-	-	-	121,640	121,640
Other comprehensive income		-	-	26,030	(267)	-	25,763
<b>Total comprehensive income for the year</b>		-	-	26,030	(267)	121,640	147,403
Transfers to statutory reserves	33	-	6,191	-	-	(6,191)	-
<b>Transactions with owners of the Bank</b>							
<b>Contributions and distributions</b>							
Dividends paid on ordinary shares	13	-	-	-	-	(101,465)	(101,465)
<b>Total contributions and distributions</b>		-	-	-	-	(101,465)	(101,465)
<b>At 31 December 2025</b>		<b>507,325</b>	<b>605,266</b>	<b>17,456</b>	<b>(364)</b>	<b>317,172</b>	<b>1,446,855</b>

**Statement of Changes in Equity (Cont'd)**  
**Year ended 31 December 2025**  
**(With comparative figures for the year ended 31 December 2024)**

Group	Note	Share capital BS'000	Statutory reserves fund BS'000	-----Other reserves-----			Total shareholders' funds BS'000
				Fair value reserve BS'000	Foreign currency translation reserve BS'000	Retained profits BS'000	
At 1 January 2024		507,325	591,175	(22,319)	(211)	283,316	1,359,286
Profit for the year		-	-	-	-	153,878	153,878
Other comprehensive income		-	-	13,745	114	-	13,859
<b>Total comprehensive income for the year</b>		-	-	13,745	114	153,878	167,737
Transfers to statutory reserves	33	-	7,900	-	-	(7,900)	-
<b>Transactions with owners of the Bank</b>							
<b>Contributions and distributions</b>							
Dividends paid on ordinary shares	13	-	-	-	-	(126,106)	(126,106)
<b>Total contributions and distributions</b>		-	-	-	-	(126,106)	(126,106)
At 31 December 2024		507,325	599,075	(8,574)	(97)	303,188	1,400,917

**Statement of Changes in Equity**  
**Year ended 31 December 2025**  
**(With comparative figures for the year ended 31 December 2024)**

	Note	Share capital BS'000	Statutory reserves fund BS'000	-----Other reserves-----		Total BS'000
				Fair value reserve BS'000	Retained profits BS'000	
<b>Bank</b>						
At 1 January 2025		507,325	552,032	(13,462)	232,286	1,278,181
Profit for the year		-	-	-	120,283	120,283
Other comprehensive income		-	-	25,121	-	25,121
<b>Total comprehensive income for the year</b>		-	-	25,121	120,283	145,404
Transfers to statutory reserves	33	-	6,014	-	(6,014)	-
<b>Transactions with owners of the Bank</b>						
<b>Contributions and distributions</b>						
Dividends paid on ordinary shares	13	-	-	-	(101,465)	(101,465)
<b>Total contributions and distributions</b>		-	-	-	(101,465)	(101,465)
At 31 December 2025		507,325	558,046	11,659	245,090	1,322,120

**Statement of Changes in Equity (cont'd)**  
**Year ended 31 December 2025**  
**(With comparative figures for the year ended 31 December 2024)**

<b>Bank</b>	<b>Note</b>	<b>Share capital BS'000</b>	<b>Statutory reserves fund BS'000</b>	<b>-----Other reserves-----</b>		<b>Total BS'000</b>
				<b>Fair value reserve BS'000</b>	<b>Retained profits BS'000</b>	
At 1 January 2024		507,325	544,510	(27,165)	215,485	1,240,155
Profit for the year		-	-	-	150,429	150,429
Other comprehensive income		-	-	13,703	-	13,703
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>13,703</b>	<b>150,429</b>	<b>164,132</b>
Transfers to statutory reserves	33	-	7,522	-	(7,522)	-
<b>Transactions with owners of the Bank</b>						
<b>Contributions and distributions</b>						
Dividends paid on ordinary shares	13	-	-	-	(126,106)	(126,106)
<b>Total contributions and distributions</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(126,106)</b>	<b>(126,106)</b>
At 31 December 2024		507,325	552,032	(13,462)	232,286	1,278,181

**Statements of Cash Flows**  
**Year ended 31 December 2025**  
**(With comparative figures for the year ended 31 December 2024)**

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b> <b>BS'000</b>	<b>2024</b> <b>BS'000</b>	<b>2025</b> <b>BS'000</b>	<b>2024</b> <b>BS'000</b>
<b>Cash flows from operating activities</b>				
Profit before zakat and tax	154,930	186,433	148,493	180,331
Adjustments for:				
Dividend income from subsidiaries	-	-	-	(1,500)
Dividend income from associate	-	-	(1,639)	-
Allowance for impairment on financing and advances made	6,764	7,086	5,756	6,302
Allowance for impairment on receivables made	968	188	968	188
Depreciation/amortisation of property and equipment and investment property	28,248	21,509	19,333	15,214
Allowance for impairment on investments charged	17	144	13	168
Loss on disposal of property and equipment	757	240	641	-
Gain on disposal of assets held for sale	-	(4,475)	-	(6,555)
Change in share of net assets of associates and joint ventures	(1,133)	(444)	-	-
	<b>190,551</b>	<b>210,681</b>	<b>173,565</b>	<b>194,148</b>
Changes in:				
Deposits from customers	289,682	211,107	288,603	246,445
Deposits from banks and other financial institutions	(29,174)	(40,937)	(55,447)	(44,613)
Placements from other financial institutions	(36,792)	418,193	(36,792)	418,193
Derivative financial liabilities	(46,213)	49,491	(46,213)	49,491
Other liabilities	(77,715)	158,657	(76,925)	157,088
Balances with Brunei Darussalam Central Bank	51,194	(40,766)	58,320	(35,001)
Placements with and financing and advances to banks	272,508	196,144	157,488	113,654
Government sukus	(12,911)	501	(12,911)	501
Investments	135,693	(68,974)	135,693	(68,974)
Financing and advances	(541,766)	(502,919)	(424,061)	(410,507)
Derivative financial assets	(7,400)	55,825	(7,400)	55,825
Other assets	83,436	(173,042)	104,367	(199,511)
	<b>271,093</b>	<b>473,961</b>	<b>258,287</b>	<b>476,739</b>
Zakat paid	(1,100)	(2,893)	(1,100)	(2,893)
Taxes paid	(33,850)	(35,536)	(30,322)	(31,847)
<b>Net cash generated from operating activities</b>	<b>236,143</b>	<b>435,532</b>	<b>226,865</b>	<b>441,999</b>

**Statements of Cash Flows (Cont'd)**  
**Year ended 31 December 2025**  
**(With comparative figures for the year ended 31 December 2024)**

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(25,075)	(30,265)	(15,544)	(16,425)
Acquisition of investment property	(8)	-	(8)	-
Proceeds from disposal of assets held for sale	-	35,000	-	11,633
Investments in associates	-	(27,123)	(193)	(27,123)
Dividend received from subsidiaries	-	-	-	1,500
Dividend received from associate	1,639	-	1,639	-
<b>Net cash used in investing activities</b>	<b>(23,444)</b>	<b>(22,388)</b>	<b>(14,106)</b>	<b>(30,415)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	(101,465)	(126,106)	(101,465)	(126,106)
Repayment of lease principal	(2,942)	(2,779)	(2,213)	(2,185)
Profit on lease liabilities	(1,339)	(1,216)	(1,187)	(1,216)
<b>Net cash used in financing activities</b>	<b>(105,746)</b>	<b>(130,101)</b>	<b>(104,865)</b>	<b>(129,507)</b>
Net change in cash and cash equivalents	106,953	283,043	107,894	282,077
Cash and cash equivalents at 1 January	2,292,521	2,002,117	2,294,400	2,004,962
Effect of exchange rate fluctuations on cash and cash equivalents held	(6,548)	7,361	(6,548)	7,361
<b>Cash and cash equivalents at 31 December</b>	<b>2,392,926</b>	<b>2,292,521</b>	<b>2,395,746</b>	<b>2,294,400</b>

**Statement pursuant to Section 125 of the Brunei Darussalam Companies Act**

The consolidated profit for the financial year ended 31 December 2025 as shown in the consolidated financial statements of the Group includes the share of profit/(loss) from the following subsidiaries, for the financial year ended 31 December 2025:

- (a) BIBD At-Tamwil Bhd
- (b) BIBD Securities Sdn Bhd
- (c) BIBD Management & Services Sdn Bhd
- (d) Better Sdn Bhd
- (e) BIBD Middle East Limited

During the year, no provision or impairment has been made by the Bank for its investments in subsidiaries. The profit/(loss) of the subsidiaries have been taken into account by the directors of the Bank in arriving at the profit of the Group as disclosed in the financial statements.

On behalf of the Board of Directors

  
**Dato Seri Setia Awang Haji Ahmaddin bin Haji Abdul Rahman**  
*Chairman*

  
**Junaidi bin Haji Masri**  
*Managing Director*

  
**Poh Kui Choon**  
*Director*

**Brunei Darussalam**  
**10 MAR 2026**

## **Notes to the financial statements**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### **1 Principal activities and general information**

Bank Islam Brunei Darussalam Berhad (the “Bank”) is incorporated and domiciled in Negara Brunei Darussalam and the registered office of the Bank is Bangunan BIBD, Lot 159, Jalan Pemancha, Bandar Seri Begawan BS8711, Negara Brunei Darussalam.

The Bank is principally engaged in the provision of Islamic banking business in accordance with Shariah principles as allowed under the Islamic Banking Act, Chapter 168.

The subsidiaries are principally engaged in the provision of Islamic hire-purchase, stockbroking, asset and fund management, leasing and management services. There were no significant changes in these activities during the financial year.

The consolidated financial statements of the Bank and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) as at and for the year ended 31 December 2025 comprise the results and financial position of the Bank, its subsidiaries and the Group's interest in equity-accounted investees.

### **2 Summary of material accounting policies**

#### **2.1 Basis of preparation**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated. The accounting policies have been applied consistently by Group entities.

##### **(a) Statement of compliance**

The financial statements of the Group and of the Bank have been prepared in accordance with the IFRS Accounting Standards.

### **Standards adopted during the year 31 December 2025**

The Group and Bank have applied the following amendments to IFRS for the first time for the annual period beginning on 1 January 2025:

- Amendments to IAS 21: *Lack of Exchangeability*

The application of the above amendments did not have a material effect on the financial statements.

### **New or amended standards not adopted**

The following new standards and amendments to existing standards are not mandatory for annual periods beginning after 1 January 2025 and have not been early adopted by the Group:

- Amendments to IFRS 9 and IFRS 7: *Classification and Measurement of Financial Instruments*
- IFRS 18: *Presentation and Disclosure in Financial Statements*

These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except for IFRS 18 as its impacts on presentation and disclosure are expected to be pervasive, in particular, those related to the consolidated statement of comprehensive income and providing management-defined performance measures within the financial statements. The Group is currently assessing the detailed implication of applying the new standard on the Group's consolidated financial statements.

### **(b) Basis of measurement**

The financial statements have been prepared under the historical cost convention except for derivative financial instruments, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income ("FVOCI"), which have been measured at fair value.

### **(c) Functional and presentation currency**

The financial statements are presented in Brunei dollars (B\$), which is the Bank's functional currency and all values are rounded to the nearest thousand (B\$'000), unless otherwise stated.

**(d) Use of estimates and judgements**

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised relating to Expected Credit Losses (ECL) in the financial statements is included in the following note:

- Financial instruments
  - Financing and advances (Note 21)
  - Financial risk management (Note 35)

## **2.2 Basis of consolidation**

### ***Business combinations***

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

### ***Acquisition of non-controlling interest***

The Group treats all changes in its ownership interest in subsidiary that do not result in loss of control as equity transactions between Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is recognised in Group reserves.

### ***Subsidiaries***

Subsidiaries are entities controlled by the Bank. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are stated in the Bank's separate statement of financial position at cost less impairment losses, if any. Where there is indication of impairment, the carrying amount of the investment is assessed. A write down is made if the carrying amount exceeds its recoverable amount.

### ***Loss of control***

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee.

### ***Joint ventures***

Joint venture is an entity in which the Group has joint control. In the Bank's separate financial statements, investment in joint ventures is stated at cost less allowance for impairment, if any.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method less any impairment losses.

The consolidated financial statements include the Group's share of the profit or loss of the joint venture, to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases. Under the equity method, the Group's investment in joint ventures is carried in the balance sheet at cost, plus post-acquisition changes in the Group's share of net assets of the joint ventures, less allowance for impairment, if any. The Group recognises its share of the results of operations of the joint venture in the consolidated statement of profit or loss.

### ***Associate***

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investment in associate is accounted for in the Group's consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the statements of profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, the retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Bank's separate financial statements, the investment in associate is stated at cost less impairment losses, if any. The cost of the investment includes transaction costs.

#### ***Transactions eliminated on consolidation***

In preparing the consolidated financial statements, intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

## **2.3 Foreign currency**

### *Foreign currency transactions and balances*

In preparing the financial statements of the individual entities, transactions in foreign currencies are translated into the respective entity's functional currency at the exchange rate prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective yield and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of an equity investment designated at fair value through other comprehensive income ("FVOCI") which are recognised in other comprehensive income.

## **2.4 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, balances with banks and other financial institutions and money-at-call and short notice and interbank placements with original maturities not exceeding three months.

## **2.5 Financial instruments**

### *Recognition and initial measurement*

Receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

The Group categorises its financial instruments as follows:

### **Financial assets**

#### **(a) Classification**

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

The Bank fair values the equity investments at each of the subsequent reporting dates and gains and losses are recognised in OCI. However, dividends are recognised in profit or loss unless they clearly represent a repayment of part of the cost of the investment. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. However, the Bank may transfer the cumulative gain or loss within equity.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual profit, maintaining a particular yield rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how management is compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

### Assessment whether contractual cash flows are solely payments of principal and profit

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic financing risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodic reset of yield rates).

The Group holds a portfolio of long-term fixed rate financing for which the Group has the option to propose to revise the yield rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the financing at par without penalty. The Group has determined that the contractual cash flows of these financing are solely payments of principal and profit because the option varies the yield rate in a way that is consideration for the time value of money, credit risk, other basic financing risks and costs associated with the principal amount outstanding.

#### Non-recourse financing

In some cases, financing made by the Group that are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse financing). The Group applies judgment in assessing whether the non-recourse financing meet the solely payment of principal and profit criterion. The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the financing;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse financing;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group will benefit from any upside from the underlying assets.

#### Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

(b) Impairment

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- financing and advances;
- placements with and financing and advances to banks;
- financial instruments that are debt instruments;
- lease receivables;
- financial guarantee contracts issued; and
- commitments issued.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Loss allowances for lease receivables are measured at an amount equal to lifetime ECL.

The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be BBB- or higher.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

#### Measurement of ECLs

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

#### Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective yield rate of the existing financial asset.

#### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a financing or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A financing that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail financing that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- the rating agencies' assessments of creditworthiness.
- the country's ability to access the capital markets for new debt issuance.
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- the international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

#### Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

### Write-off

Financing and advances and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

### **Financial liabilities**

Financial liabilities are initially recognised on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument, at fair value, net of transaction cost incurred. Subsequent to initial recognition, these financial liabilities are carried at amortised cost, using the effective yield rate method, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss.

#### *(a) Deposits and balances of banks and other financial institutions*

Deposits and balances of banks and other financial institutions comprise money market deposits. These deposits and balances are classified as financial liabilities held at amortised cost.

#### *(b) Deposits of non-bank customers*

Deposits of non-bank customers comprise money market deposits placed with the Group. These deposits are classified as financial liabilities held at amortised cost.

The Group designates certain financial liabilities as at FVTPL in either of the following circumstances:

- the liabilities are managed, evaluated and reported internally on a fair value basis, or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

As at financial years ended 31 December 2024 and 2025, there are no financial liabilities that have been designated at FVTPL.

### ***Derivative financial instruments***

The Group holds derivative financial instruments to hedge its foreign currency and yield rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

#### ***Non-integral financial guarantee contracts***

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Group determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Group determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in 'other assets'. The Group presents gains or losses on a compensation right in profit or loss in the line item 'impairment losses on financial instruments'.

#### ***Fair value measurement***

The fair values of financial instruments traded in active markets (such as over-the-counter securities and derivatives) are based on quoted market prices at the reporting date derived from market prices. For unquoted financial instruments, fair value is determined using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

### ***Derecognition***

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### ***Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legal enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

## **2.6 Property and equipment**

### **(a) Recognition and measurement**

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised net within “other operating income” and “other expenses” respectively in profit or loss.

**(b) Subsequent costs**

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Bank, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

**(c) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group or the Bank will obtain ownership by the end of the lease term. Land is not depreciated. Property and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current period are as follows:

- |                                     |  |
|-------------------------------------|--|
| ● Leasehold improvements            | Over the lease term and not more than 10 years |
| ● Equipment, furniture and fittings | 3-10 years                                     |
| ● Motor vehicles                    | 7 years  |
| ● Asset under lease                 | 4 years or lease terms whichever is shorter    |
| ● Computer software                 | 5 years  |

Depreciation methods, useful lives and residual values are reassessed at end of the reporting period.

## **2.7 Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes. The Group holds investment property which has been acquired through the enforcement of security over financing and advances. Investment property is initially measured at cost and subsequently at cost less accumulated depreciation and impairment loss.

The cost of replacing a component of an item of investment property is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Bank, and its cost can be measured reliably.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Depreciation on investment property is recognised in profit or loss on a straight-line basis over the lease term and not more than 50 years.

## **2.8 Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **i. As a lessee**

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the profit rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental profit rate. Generally, the Group uses its incremental profit rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining profit rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective yield method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

### ***Short-term leases and leases of low-value assets***

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### ***ii. As a lessor***

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other operating income'.

## **2.9 Impairment for non-financial assets**

The carrying amount of the Group's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or cash-generating units (“CGUs”). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

## **2.10 Assets held for sale**

Assets that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group and Bank’s accounting policies. Thereafter, the assets classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Equity accounting of associates and joint ventures ceases once classified as held for sale.

## **2.11 Deposits, financing and other liabilities**

Deposits and financing are the Group's sources of funding. When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (collateralised Murabahah or repurchase agreement), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements.

Deposits and financing are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective profit method.

Other liabilities are stated at cost which is the fair value of the amounts expected to be paid in future for the goods and services received or to transfer the liability.

## **2.12 Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### ***Onerous contracts***

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the direct cost of fulfilling the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

## **2.13 Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

## **2.14 Contingent assets**

A contingent asset is a possible asset that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. The Group does not recognise contingent assets in the financial statements but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

## **2.15 Share capital**

Ordinary shares and the golden share are classified as equity in the statement of financial position. Costs directly attributable to the issuance of new equity shares are taken to equity as a deduction from the proceeds.

## **2.16 Recognition of income and expense**

### **Profit from financing and leasing and profit paid/payable to depositors**

Profit from financing and leasing and profit paid/payable to depositors are recognised in the profit or loss using the effective yield rate method. The effective yield rate is exactly the rate that discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective yield rate, the Group estimated future cash flows considering all contractual terms of financial instruments, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted yield rate is calculated using estimated future cash flows including ECL. The calculation includes all fees and transaction costs integral to the effective yield rate, as well as premium or discounts.

Once a financial asset or a group of financial assets have been written down as a result of an impairment loss, income is recognised using the yield rate used to discount the future cash flows for the purpose of measuring the impairment loss.

### **Fee and commission**

Fee and commission income and expense that are integral to the effective yield rate on a financial asset or financial liability are included in the effective yield rate.

Other fee and commission income, including financing arrangements, participation fees, underwriting commissions and brokerage fees are recognised as income earned. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment.

Other fee and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

### **Profit from placements and investments**

Profit from deposit placements and investments are recognised on an effective yield basis.

### **Dividend income**

Dividend income from subsidiaries and other investments are recognised when the Bank's rights to receive payment is established.

## **2.17 Income tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*.

The Group has determined that the global minimum top-up tax - which it is required to pay under Pillar Two legislation - is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred as there is no impact from this tax.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that
  - is not a business combination and
  - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates, and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversal of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profit improves.

The measurement of deferred taxes reflects the tax consequences that would allow the manner in which the Group expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

## **2.18 Zakat**

This represents tithes payable by the Group to comply with the principles of Shariah and as approved by the Shariah Advisory Board.

## **2.19 Employee benefits**

### **Short term employee benefits**

Short-term employee benefit obligations in respect of salaries, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **Defined contribution plan**

The Group contributes to Skim Persaraan Kebangsaan (“SPK”). SPK is regulated and managed by the Government of Negara Brunei Darussalam, which applies to the majority of the employees. Obligations for contributions to defined contribution plans are recognised as an employee benefits expense in statement of profit or loss in the period during which related services are rendered by employees.

The Bank operates an Employee Retirement Fund (“ERF”) with monthly contributions made to the pension fund based on a percentage of the gross salaries. The Bank matches employees’ ERF contributions which are charged to profit or loss in the period to which the contributions relate.

### **Other long-term employee benefits**

The Group’s net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

## **2.20 Earnings per ordinary share**

The Group presents basic and diluted earnings per share data for its ordinary shares (“EPS”).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. There are no dilutive potential ordinary shares as at end of the reporting periods.

### 3 Profits from financing, leasing and investments

	Group		Bank	
	2025 BS'000	2024 BS'000	2025 BS'000	2024 BS'000
Financing and leasing	295,885	275,322	235,468	220,179
Securities				
- Profit from sukuks	61,014	54,331	61,014	54,331
- Dividend income from other securities	4,628	5,173	4,628	5,173
Balances and placements with banks and other financial institutions	105,431	136,405	125,984	159,894
<b>Total</b>	<b>466,958</b>	<b>471,231</b>	<b>427,094</b>	<b>439,577</b>

Financing and leasing profits comprise profits and expenses calculated using the effective yield method that relate to financial assets not carried at FVTPL.

During the year, the Group and Bank's profits from financing, leasing and investments are from financial assets at amortised cost with the exception of dividend income from other securities at FVTPL B\$4,627,900 (2024: B\$5,173,100) and profit from sukuks at FVOCI of B\$58,013,500 (2024: B\$48,542,500).

### 4 Profits paid/payable to depositors

	Group		Bank	
	2025 BS'000	2024 BS'000	2025 BS'000	2024 BS'000
Deposits from customers:				
- Non-Mudharabah fund	94,893	114,560	93,222	112,992
	94,893	114,560	93,222	112,992
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah fund	26,780	24,552	27,592	24,907
<b>Total</b>	<b>121,673</b>	<b>139,112</b>	<b>120,814</b>	<b>137,899</b>

During the year, the Group and Bank's profits paid/payable to depositors are entirely from financial liabilities measured at amortised cost.

## 5 Net fee and commission income

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
Fees and commission income:				
- Trade finance and Al-Kafalah (guarantee)	6,002	6,450	6,002	6,450
- Ar-Rahnu (pawn/pledge)	5,660	3,966	5,660	3,966
- Credit and debit cards	35,077	31,736	35,077	31,736
- Commission	4,489	5,054	4,261	4,699
- Others	7,817	7,734	6,017	5,933
<b>Total fee and commission income</b>	<b>59,045</b>	<b>54,940</b>	<b>57,017</b>	<b>52,784</b>
Fee and commission expense:				
- Credit and debit cards	(23,400)	(20,221)	(23,400)	(20,221)
<b>Total fee and commission expense</b>	<b>(23,400)</b>	<b>(20,221)</b>	<b>(23,400)</b>	<b>(20,221)</b>
<b>Net fee and commission income</b>	<b>35,645</b>	<b>34,719</b>	<b>33,617</b>	<b>32,563</b>

The Group and Bank's net fee and commission income are entirely from financial assets and liabilities measured at amortised cost.

Others primarily include financing, deposit, remittance and other service fees.

## 6 Gain/(loss) from derivatives and investments

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>
Net fair value gain/(loss) on derivatives	67,794	(147,299)
Fair value gain/(loss) on investments designated at fair value through profit	1,296	(645)
<b>Total</b>	<b>69,090</b>	<b>(147,944)</b>
Net foreign exchange (loss)/gain	(129,701)	102,116
<b>Total</b>	<b>(60,611)</b>	<b>(45,828)</b>

The foreign exchange risk exposure is managed through the use of foreign exchange forwards and swaps to hedge currency risk as set out in Note 35. The Bank does not adopt hedge accounting for such currency hedges, so in accordance with the accounting policies in Note 2, the foreign exchange gains or losses on assets are recognised in net foreign exchange loss in the statements of profit or loss and the fair value movements in the forward currency contracts are included in gain or loss from derivatives and investments. The net impact is as follows:

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>
Net fair value gain/(loss) on forward exchange derivatives	67,649	(148,630)
Net foreign exchange (loss)/gain	(129,701)	102,116
<b>Net effect from forward exchange derivatives and foreign exchange loss</b>	<b>(62,052)</b>	<b>(46,514)</b>

## 7 Other operating income

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
Dividend income from subsidiaries and associates	-	-	1,639	1,500
Rental income from investment property	3,720	2,436	3,720	2,436
Recovery of financing written off	10,243	12,241	9,736	11,457
Others	1,100	7,524	914	8,490
<b>Total</b>	<b>15,063</b>	<b>22,201</b>	<b>16,009</b>	<b>23,883</b>

## 8 Personnel expenses

	Group		Bank	
	2025 BS'000	2024 BS'000	2025 BS'000	2024 BS'000
Salaries and wages	49,361	49,367	40,578	40,796
Allowances and bonuses	24,047	16,993	19,468	13,602
Contributions to defined contribution plans	5,343	4,465	4,686	3,873
Others	5,490	3,974	5,522	4,198
<b>Total</b>	<b>84,241</b>	<b>74,799</b>	<b>70,254</b>	<b>62,469</b>

## 9 Other expenses

	Group		Bank	
	2025 BS'000	2024 BS'000	2025 BS'000	2024 BS'000
<b>Promotion</b>				
Advertisement and publicity	2,628	2,162	1,489	1,578
<b>Operational</b>				
Office rental	2,819	1,418	2,885	1,567
Depreciation/amortisation of property and equipment and investment property	28,248	21,509	19,333	15,214
Electronic data processing expenses	19,847	17,696	10,213	10,444
Office expenses	9,284	10,512	8,429	9,530
	60,198	51,135	40,860	36,755
<b>General expenses</b>				
Auditors' remuneration:				
- Statutory audit fees	399	645	283	520
- Audit related fees	31	40	27	40
Professional fees	3,165	3,452	5,041	5,677
Takaful, repair and maintenance	5,902	5,311	5,536	5,040
Licence	5,984	5,057	5,641	4,762
Others	12,734	8,650	10,934	8,466
	28,215	23,155	27,462	24,505
<b>Total</b>	<b>91,041</b>	<b>76,452</b>	<b>69,811</b>	<b>62,838</b>

Other expenses mainly include various administrative expenses.

## 10 Allowance for impairment on financial assets

	<b>Group</b>		<b>Bank</b>	
	<b>2025 BS'000</b>	<b>2024 BS'000</b>	<b>2025 BS'000</b>	<b>2024 BS'000</b>
Allowance for impairment on financing and advances	6,764	7,086	5,756	6,302
Allowance for impairment on receivables	968	188	968	188
Allowance for impairment on investments charged	17	144	13	168
<b>Total</b>	<b>7,749</b>	<b>7,418</b>	<b>6,737</b>	<b>6,658</b>

## 11 Zakat

The amount of zakat is determined by using 2.5775% for a solar calendar year (*Masihi*) based on the net invested fund method and is payable by the Bank to comply with the principles of Shariah.

## 12 Income tax expense

Tax recognised in profit or loss	Group		Bank	
	2025 BS'000	2024 BS'000	2025 BS'000	2024 BS'000
<b><i>Current tax expense</i></b>				
Current year	30,862	28,002	25,665	27,247
Changes in estimates related to prior years	(452)	-	-	-
	30,410	28,002	25,665	27,247
<b><i>Deferred tax expense</i></b>				
Origination and reversal of temporary differences	157	2,325	(178)	427
<b>Total tax expense recognised in profit or loss</b>	<b>30,567</b>	<b>30,327</b>	<b>25,487</b>	<b>27,674</b>
<b>Tax recognised in other comprehensive income</b>				
Investments at fair value through other comprehensive income	5,687	3,122	5,687	3,122

A reconciliation of effective tax expense for the Group and Bank is as follows:

	Group		Bank	
	2025 BS'000	2024 BS'000	2025 BS'000	2024 BS'000
Profit before zakat and tax	154,930	186,433	148,493	180,331
Income tax using the domestic corporate tax rate of 18.5% (2024: 18.5%)	28,662	34,490	27,471	33,361
Tax effect of non-deductible expenses	6,315	2,421	3,666	2,421
Tax effect of non-taxable revenue	(245)	(55)	(2,389)	(2,918)
Tax incentives	(853)	(650)	(654)	(650)
Tax effect of zakat	(488)	(404)	(488)	(404)
Tax credits	(625)	(127)	(625)	(127)
Statutory tax exemption	(28)	(28)	(28)	(28)
Others	(2,171)	(5,320)	(1,466)	(3,981)
<b>Total</b>	<b>30,567</b>	<b>30,327</b>	<b>25,487</b>	<b>27,674</b>

### 13 Dividend per ordinary share

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>B\$'000</b>	<b>B\$'000</b>
<b>On ordinary shares</b>		
Net dividend paid on ordinary shares	101,465	126,106

	-----Group and Bank-----			
	2025		2024	
	Gross dividend per share	Dividend net of tax	Gross dividend per share	Dividend net of tax
	B\$	B\$'000	B\$	B\$'000
<b>Authorised:</b>				
Final dividend paid	0.1400	101,465	0.1740	126,106

At the Annual General Meeting on 22 August 2025, a final dividend in respect of financial year ended 31 December 2024 of B\$0.14 on 724,749,512 ordinary shares, amounting to B\$101,464,932 was approved and paid on 22 September 2025.

### 14 Earnings per share

#### Basic Earnings per Share ("EPS")

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
Profit for the year attributable to equity holders of the Group (B\$'000)	121,640	153,878
Weighted average number of ordinary shares of the Group and Bank ('000)	724,750	724,750
Basic EPS (B\$)	0.17	0.21

#### Diluted Earnings per Share

The diluted earnings per share is the same as basic earnings per share.

## 15 Cash and cash equivalents

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b> <b>BS'000</b>	<b>2024</b> <b>BS'000</b>	<b>2025</b> <b>BS'000</b>	<b>2024</b> <b>BS'000</b>
Cash in hand	71,549	59,025	71,143	58,550
Balances with banks and other financial institutions	64,653	104,403	67,879	106,757
Money at call and short notice and interbank placements with original maturity not exceeding three months	2,256,724	2,129,093	2,256,724	2,129,093
<b>Cash and cash equivalents in the statements of financial position</b>	<b>2,392,926</b>	<b>2,292,521</b>	<b>2,395,746</b>	<b>2,294,400</b>

## 16 Balances with Brunei Darussalam Central Bank

As required by the provisions of Section 45 of the Islamic Banking Act, Chapter 168 and Section 13A of the Finance Companies Act, a cash balance is maintained with the Brunei Darussalam Central Bank ("BDCB"). At present, the minimum cash reserve requirement is 5% of the weighted average deposit liabilities as defined by the BDCB.

## 17 Placements with and financing and advances to banks

This comprises interbank placements with original maturities greater than three months.

## 18 Government sukuks

Government sukuks are classified as fair value through other comprehensive income and have maturities less than one year.

## 19 Investments

	<b>Note</b>	<b>Group and Bank</b>	
		<b>2025</b> <b>BS'000</b>	<b>2024</b> <b>BS'000</b>
Investments at amortised cost	19.1	47,982	82,863
Investments at fair value through profit or loss	19.2	58,511	87,763
Investments at fair value through other comprehensive income	19.3	1,288,803	1,329,594
<b>Total</b>		<b>1,395,296</b>	<b>1,500,220</b>

On 1 May 2022, the Bank's Trading Sukuk changed its business model from FVTPL to FVOCI. At the date of change in classification, an amount of B\$121,934,000 was transferred from Investments at FVTPL to Investments at FVOCI and the effective yield of these trading sukuk was determined at 3.6%. The debt investments continue to be measured at fair value but subsequent gains and losses are recognised in OCI rather than profit or loss. Profit from sukuks recognised during the current year was B\$4,958,000 (2024: B\$4,693,000).

**19.1 Investments at amortised cost**

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>B\$'000</b>	<b>B\$'000</b>
Quoted debt securities	48,039	82,935
Less: Expected Credit Losses	(57)	(72)
<b>Total</b>	<b>47,982</b>	<b>82,863</b>

**19.2 Investments at fair value through profit or loss**

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>B\$'000</b>	<b>B\$'000</b>
Equity securities	1,223	1,223
Structured notes	57,288	86,540
<b>Total</b>	<b>58,511</b>	<b>87,763</b>

**19.3 Investments at fair value through other comprehensive income**

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>B\$'000</b>	<b>B\$'000</b>
Quoted debt securities	1,288,356	1,329,176
Equity securities	447	418
<b>Total</b>	<b>1,288,803</b>	<b>1,329,594</b>

### Equity investments designated as at FVOCI

The Group designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purposes.

	<b>Group and Bank</b>			
	<b>Fair value at</b>	<b>Fair value at</b>	<b>Dividend</b>	<b>Dividend</b>
	<b>31</b>	<b>31</b>	<b>income</b>	<b>income</b>
	<b>December</b>	<b>December</b>	<b>recognised</b>	<b>recognised</b>
<b>2025</b>	<b>2024</b>	<b>during 2025</b>	<b>during 2024</b>	
<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	
Quoted equity securities	-	-	-	602
Unquoted equity securities	447	418	-	-
<b>Total</b>	<b>447</b>	<b>418</b>	<b>-</b>	<b>602</b>

The fair value of investments in quoted debt securities in 19.1 and 19.3 includes B\$380,111,000 (2024: B\$311,321,000) recognised in the statement of financial position being pledged as collateral for interbank placements.

### 20 Derivative financial assets/(liabilities)

The following table summarises the contractual or underlying principal amounts of derivative financial instruments held at fair value through profit or loss. The principal or contractual amount of these instruments reflects the volume of transactions outstanding at the reporting date and do not necessarily represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position and the unrealised gains or losses are reflected as derivative financial assets and liabilities respectively.

	<b>Group and Bank</b>			
	<b>Principal / Nominal</b>		<b>Carrying amount</b>	
	<b>amount</b>			
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	
Derivative assets	2,584,029	1,652,238	19,414	12,014
Derivative liabilities	1,278,929	3,304,839	(18,988)	(65,201)

The Group uses foreign exchange forward contracts to manage its foreign exchange risk as set out in Note 35.

## 21 Financing and advances

### (a) By type of product

	Group		Bank	
	2025 BS'000	2024 BS'000	2025 BS'000	2024 BS'000
Cash line/Naqad (overdrafts)	119,024	107,735	119,024	107,735
Mortgages	997,453	926,823	997,453	926,823
Hire purchase	1,019,937	879,168	-	-
Lease receivables	120,541	177,209	120,541	177,209
Other term financing	3,188,906	2,837,786	3,188,906	2,814,042
Bills receivable	462,720	457,166	462,720	457,166
Staff financing	8,841	11,143	8,841	11,143
Credit/charge cards	56,986	53,485	56,986	53,485
Others	43,772	33,942	43,772	33,925
<b>Gross financing and advances</b>	<b>6,018,180</b>	<b>5,484,457</b>	<b>4,998,243</b>	<b>4,581,528</b>
Less: Allowances for losses on financing and advances	(34,917)	(36,196)	(30,508)	(32,098)
<b>Net financing and advances</b>	<b>5,983,263</b>	<b>5,448,261</b>	<b>4,967,735</b>	<b>4,549,430</b>

### (b) By contract

	Group		Bank	
	2025 BS'000	2024 BS'000	2025 BS'000	2024 BS'000
Al-Kafalah bil Mal dan Al-Bai	1,415	1,358	1,415	1,358
Al-Wakalah bil Ujrah	55,570	52,127	55,570	52,127
Ar-Rahnu	43,772	33,925	43,772	33,925
Bai' Bithaman Ajil ( <i>deferred payment sale</i> )	522,624	684,925	522,624	684,925
Ijarah ( <i>lease</i> )	120,541	177,209	120,541	177,209
Ijarah Muntahiah Bittamlik/AITAB ( <i>lease ended with ownership</i> )	1,019,937	902,929	-	-
Murabahah ( <i>cost-plus</i> )	2,391,396	1,796,787	2,391,396	1,796,787
Musharakah ( <i>profit and loss sharing</i> )	488,111	437,302	488,111	437,302
Tawarruq	1,374,814	1,397,895	1,374,814	1,397,895
<b>Total</b>	<b>6,018,180</b>	<b>5,484,457</b>	<b>4,998,243</b>	<b>4,581,528</b>

**(c) By security**

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
Unsecured	827,595	483,631	827,595	483,631
Credit enhanced by:				
- Assignment of salary or income	964,965	954,409	964,965	954,409
- Assignment of fixed or floating charge	419,430	225,917	419,430	225,917
Secured by:				
- Cash	235,303	580,834	235,303	580,834
- Properties	2,251,865	1,978,413	2,251,865	1,978,413
- Vessels	253,536	323,436	253,536	323,436
- Motor vehicles	989,644	880,150	1,777	963
- Others	75,842	57,667	43,772	33,925
<b>Total</b>	<b>6,018,180</b>	<b>5,484,457</b>	<b>4,998,243</b>	<b>4,581,528</b>

**(d) By sector**

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
Agricultural	4,533	13,629	4,533	13,629
Financial	751,954	473,503	751,954	473,503
Manufacturing	61,304	59,457	61,304	59,457
Transportation	997,196	882,636	9,329	2,897
Infrastructure	36,706	32,022	36,706	32,022
Traders	96,388	102,350	96,388	102,350
Services	56,496	61,021	56,496	61,021
Residential property (personal)	1,056,082	993,064	1,056,082	993,064
Commercial	1,130,914	944,037	1,130,914	944,037
Tourism	16,639	16,357	16,639	16,357
Telecommunication and information technology	74,285	40,651	74,285	40,651
Personal and consumption financing	947,978	946,401	915,908	923,211
Oil and gas	787,705	919,329	787,705	919,329
<b>Total</b>	<b>6,018,180</b>	<b>5,484,457</b>	<b>4,998,243</b>	<b>4,581,528</b>

Included in Transportation sector is the Group's car financing portfolio.

**(e) Non-performing financing and advances**

Movements in the non-performing financing and advances are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
At 1 January	74,119	89,908	70,927	86,444
Classified as impaired during the year	12,930	19,412	11,120	18,511
Reclassified as performing	(9,150)	(1,932)	(8,621)	(1,565)
Amount recovered	(8,529)	(23,114)	(8,529)	(23,114)
Amount written off against allowances	(8,043)	(10,155)	(7,346)	(9,349)
<b>At 31 December</b>	<b>61,327</b>	<b>74,119</b>	<b>57,551</b>	<b>70,927</b>
Gross impaired financing as a percentage of gross financing and advances	1.0%	1.4%	1.2%	1.5%

The Group considers a financing as non-performing when the financing is credit-impaired under IFRS 9.

**(f) Non-performing financing and advances by sector**

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
Agricultural	3,953	4,240	3,953	4,240
Manufacturing	1,848	2,436	1,848	2,436
Transportation	5,005	4,412	1,593	1,695
Infrastructure	913	1,025	913	1,025
Traders	7,607	7,965	7,607	7,965
Services	3,556	3,803	3,556	3,803
Residential property (personal)	13,014	13,812	13,014	13,812
Commercial	17,469	23,609	17,469	23,609
Tourism	706	690	706	690
Telecommunication and information technology	-	1	-	1
Personal and consumption financing	6,403	9,482	6,039	9,007
Oil and gas	853	2,644	853	2,644
<b>Total</b>	<b>61,327</b>	<b>74,119</b>	<b>57,551</b>	<b>70,927</b>

**(g) Movements in the allowances for losses on financing and advances**

	<b>Group BS'000</b>	<b>Bank BS'000</b>
As at 1 January 2024	39,265	35,145
Allowance made during the year	7,086	6,302
Amount written off during the year	(10,155)	(9,349)
At 31 December 2024	36,196	32,098
Allowance made during the year	6,764	5,756
Amount written off during the year	(8,043)	(7,346)
At 31 December 2025	34,917	30,508

**22 Investments in subsidiaries**

	<b>Bank</b>	
	<b>2025 BS'000</b>	<b>2024 BS'000</b>
Unquoted equity investments, at cost	87,918	75,004
Less: Allowance for impairment loss	(1,715)	(1,715)
	86,203	73,289

Details of the Group's subsidiaries are as follows:

<b>Name of Company</b>	<b>Principal activities</b>	<b>Country of incorporation/ Place of business</b>	<b>Effective ownership interest</b>	
			<b>2025 %</b>	<b>2024 %</b>
BIBD At-Tamwil Bhd	Lease financing	Negara Brunei Darussalam	100	100
Better Sdn Bhd	Car rental	Negara Brunei Darussalam	100	100
BIBD Securities Sdn Bhd	Stockbrokers/ sharebrokers	Negara Brunei Darussalam	100	100
BIBD Management & Services Sdn Bhd	Management services	Negara Brunei Darussalam	100	100
BIBD Middle East Limited	Advisory services	United Arab Emirates	100	100

## 23 Investments in associates

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
Investments in associates	59,013	58,610	32,757	34,203

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
Unquoted shares	32,757	34,203	32,757	34,203
Share of post-acquisition reserves	26,256	24,407	-	-
<b>Investments in associates</b>	<b>59,013</b>	<b>58,610</b>	<b>32,757</b>	<b>34,203</b>

Details of the associates, which is unquoted, are as follows:

<b>Name of Company</b>	<b>Principal activities</b>	<b>Country of incorporation/ Place of business</b>	<b>Effective ownership interest</b>	
			<b>2025</b>	<b>2024</b>
			<b>%</b>	<b>%</b>
Syarikat Takaful Brunei Darussalam Sdn Bhd ("STBD")	Family and general takaful businesses	Negara Brunei Darussalam	31	31
Lion-BIBDS Islamic Enhanced Liquidity Fund ("LBLEF")	Investments	Singapore	20	39

	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>
<b>Group's share in net assets of associates at the beginning of the year</b>	58,610	31,001
Group's share of:		
- profit from continuing operations	2,579	1,891
- other comprehensive income	909	42
- dividend received	(1,639)	-
- foreign exchange effect	(1,446)	-
- new unquoted shares acquired	-	27,123
- share of change in associate's reserve	-	(1,447)
<b>Carrying amount of interest in associates at the end of the year</b>	59,013	58,610

The summarised financial information of the associates, not adjusted for the percentage ownership held by the Group is as follows:

	<b>STBD</b>	<b>LBLF</b>
	<b>BS'000</b>	<b>BS'000</b>
<b>2025</b>		
Current assets	180,240	131,397
Non-current assets	295,514	-
Current liabilities	(355,052)	(67)
Non-current liabilities	(137)	-
<b>Net assets</b>	120,565	131,330

	<b>STBD</b>	<b>LBLF</b>
	<b>BS'000</b>	<b>BS'000</b>
<b>2024</b>		
Current assets	231,329	71,431
Non-current assets	217,743	-
Current liabilities	(351,087)	(47)
Non-current liabilities	(2,564)	-
<b>Net assets</b>	95,421	71,384

	<b>STBD</b>	<b>LBLF</b>
	<b>BS'000</b>	<b>BS'000</b>
<b>2025</b>		
Revenue	1,396	-
Profit from continuing operations	568	4,930
Other comprehensive income	-	-
<b>Total comprehensive income</b>	568	4,930

Included in balances above are the following amounts:

	<b>STBD</b>	<b>LBLF</b>
	<b>BS'000</b>	<b>BS'000</b>
Cash and cash equivalents	133,143	166
Current financial liabilities excluding trade, other payables and provisions	(1,345)	-
Non-current financial liabilities excluding trade, other payables and provisions	(137)	-
Depreciation and amortisation	(3,438)	-
Income tax expense or income	(828)	-

	<b>STBD</b>	<b>LBLF</b>
	<b>BS'000</b>	<b>BS'000</b>
<b>2024</b>		
Revenue	7,104	-
Profit from continuing operations	2,723	2,653
Other comprehensive income	135	-
<b>Total comprehensive income</b>	<b>2,858</b>	<b>2,653</b>

Included in balances above are the following amounts:

	<b>STBD</b>	<b>LBLF</b>
	<b>BS'000</b>	<b>BS'000</b>
Cash and cash equivalents	203,759	297
Current financial liabilities excluding trade, other payables and provisions	(1,074)	-
Non-current financial liabilities excluding trade, other payables and provisions	(2,564)	-
Depreciation and amortisation	(2,554)	-
Income tax expense or income	(675)	-

## 24 Other assets

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
Receivables	36,101	32,397	33,217	30,147
Accrued income and bills receivable	20,111	31,982	20,251	32,050
Foreign acceptance receivable	258,619	335,017	258,619	335,017
Sundry debtors	1,176	7,201	984	1,053
Intercompany receivables	-	-	2,143	36,302
	<b>316,007</b>	<b>406,597</b>	<b>315,214</b>	<b>434,569</b>
Prepayments	9,613	2,459	5,993	2,280
<b>Total</b>	<b>325,620</b>	<b>409,056</b>	<b>321,207</b>	<b>436,849</b>

## 25 Property and equipment

<b>Group</b>	<b>Leasehold improvements BS'000</b>	<b>Equipment, furniture and fittings BS'000</b>	<b>Motor vehicles BS'000</b>	<b>Work-in- progress BS'000</b>	<b>Computer software BS'000</b>	<b>Right-of-use assets BS'000</b>	<b>Total BS'000</b>
<b>Cost</b>							
At 1 January 2024	40,672	80,959	5,509	13,221	85,959	48,689	275,009
Additions	916	8,792	-	20,557	-	4,653	34,918
Disposals	-	(530)	-	(240)	-	(2,082)	(2,852)
Transfers	487	6,184	-	(9,804)	3,133	-	-
At 31 December 2024	42,075	95,405	5,509	23,734	89,092	51,260	307,075
Additions	29	8,760	-	15,616	670	1,893	26,968
Disposals	(3)	-	(1,888)	(9)	(6)	(2,137)	(4,043)
Transfers	2,695	8,744	-	(18,754)	7,315	-	-
Reclassification from investment property	414	63	-	-	-	-	477
At 31 December 2025	45,210	112,972	3,621	20,587	97,071	51,016	330,477
<b>Accumulated depreciation</b>							
At 1 January 2024	33,291	53,177	2,736	-	76,216	11,562	176,982
Depreciation/Amortisation for the year	2,868	10,912	-	-	3,544	3,360	20,684
Disposals	-	(530)	-	-	-	(2,082)	(2,612)
At 31 December 2024	36,159	63,559	2,736	-	79,760	12,840	195,054
Depreciation/Amortisation for the year	2,883	12,435	1,889	-	6,879	3,420	27,506
Disposals	(3)	-	(1,888)	-	(6)	(1,389)	(3,286)
Reclassification from investment property	126	25	-	-	-	-	151
At 31 December 2025	39,165	76,019	2,737	-	86,633	14,871	219,425
<b>Carrying amounts</b>							
At 1 January 2024	7,381	27,782	2,773	13,221	9,743	37,127	98,027
At 31 December 2024	5,916	31,846	2,773	23,734	9,332	38,420	112,021
At 31 December 2025	6,045	36,953	884	20,587	10,438	36,145	111,052

	Leasehold improvements BS'000	Equipment, furniture and fittings BS'000	Motor vehicles BS'000	Work-in- progress BS'000	Computer software BS'000	Right-of-use assets BS'000	Total BS'000
<b>Bank</b>							
<b>Cost</b>							
At 1 January 2024	37,997	56,061	133	11,112	83,490	46,419	235,212
Additions	-	-	-	16,425	-	854	17,279
Disposals	-	-	-	-	-	(880)	(880)
Transfers	487	4,753	-	(8,373)	3,133	-	-
At 31 December 2024	38,484	60,814	133	19,164	86,623	46,393	251,611
Additions	-	-	-	15,544	-	1,723	17,267
Disposals	(3)	-	-	-	(6)	(2,030)	(2,039)
Transfers	2,373	6,328	-	(14,636)	5,935	-	-
Reclassification from investment property	414	63	-	-	-	-	477
At 31 December 2025	41,268	67,205	133	20,072	92,552	46,086	267,316
<b>Accumulated depreciation</b>							
At 1 January 2024	31,280	39,857	133	-	76,247	9,703	157,220
Depreciation/Amortisation for the year	2,683	5,589	-	-	3,305	2,812	14,389
Disposals	-	-	-	-	-	(880)	(880)
At 31 December 2024	33,963	45,446	133	-	79,552	11,635	170,729
Depreciation/Amortisation for the year	2,637	6,548	-	-	6,597	2,810	18,592
Disposals	(3)	-	-	-	(6)	(1,389)	(1,398)
Reclassification from investment property	126	25	-	-	-	-	151
At 31 December 2025	36,723	52,019	133	-	86,143	13,056	188,074
<b>Carrying amounts</b>							
At 1 January 2024	6,717	16,204	-	11,112	7,243	36,716	77,992
At 31 December 2024	4,521	15,368	-	19,164	7,071	34,758	80,882
At 31 December 2025	4,545	15,186	-	20,072	6,409	33,030	79,242

## 26 Investment property

	<b>Group and Bank B\$'000</b>
<b>Cost</b>	
At 1 January 2024	35,104
Additions	-
At 31 December 2024	35,104
Additions	8
Reclassification to property and equipment	(477)
At 31 December 2025	34,635
 <b>Accumulated amortisation</b>	
At 1 January 2024	14,834
Charge for the year	825
At 31 December 2024	15,659
Charge for the year	742
Reclassification to property and equipment	(151)
At 31 December 2025	16,250
 <b>Carrying amounts</b>	
At 31 December 2024	19,445
At 31 December 2025	18,385

In 2011, the Bank entered into a lease agreement with a customer pursuant to which the Bank was granted rights to the lease with a remaining term of 49 years in consideration for the Bank agreeing to waive its right to repayment of a financing extended to the customer. As a result, the Bank recorded its interest in the investment property based on the carrying amount of the outstanding financing amount as at the date of the agreement. This amount also approximated the fair value of the investment property at that date.

### *Fair value hierarchy, valuation technique and unobservable inputs*

Based on the latest available valuation report from November 2025, the fair value of the investment property is B\$27,000,000 (2024: B\$31,000,000). The fair value of the investment property was based on the valuation report provided by a firm of external, independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The valuation technique applied is the discounted cash flow approach (Level 3). Fair value of the investment property is derived from the potential cash flows from the building based on the remaining lease term. The key unobservable input includes an estimated occupancy rate of 58% (2024: 69%).

## 27 Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributed to the following:

Group	At 1 January 2024 B\$'000	Recognised in profit or loss B\$'000	Recognised in other comprehensive income B\$'000	At 31 December 2024 B\$'000	Recognised in profit or loss B\$'000	Recognised in other comprehensive income B\$'000	At 31 December 2025 B\$'000
<b>Deferred tax assets</b>							
Allowance for financing and advances	7,327	(2,146)	-	5,181	1,252	-	6,433
Allowance for investment	45	26	-	71	9	-	80
Allowance for investment in subsidiary	317	-	-	317	-	-	317
Investments at fair value through other comprehensive income	6,308	-	(3,122)	3,186	-	(5,687)	(2,501)
Others	1,106	39	-	1,145	176	-	1,321
<b>Total</b>	<b>15,103</b>	<b>(2,081)</b>	<b>(3,122)</b>	<b>9,900</b>	<b>1,437</b>	<b>(5,687)</b>	<b>5,650</b>
<b>Deferred tax liabilities</b>							
Property and equipment	(6,237)	2,477	-	(3,760)	(3,886)	-	(7,646)
Investments at fair value through other comprehensive income	-	-	-	-	-	-	-
Others	671	(2,630)	-	(1,959)	1,471	-	(488)
<b>Total</b>	<b>(5,566)</b>	<b>(153)</b>	<b>-</b>	<b>(5,719)</b>	<b>(2,415)</b>	<b>-</b>	<b>(8,134)</b>

<b>Bank</b>	<b>At 1 January 2024 BS'000</b>	<b>Recognised in profit or loss BS'000</b>	<b>Recognised in other comprehensive income BS'000</b>	<b>At 31 December 2024 BS'000</b>	<b>Recognised in profit or loss BS'000</b>	<b>Recognised in other comprehensive income BS'000</b>	<b>At 31 December 2025 BS'000</b>
<b>Deferred tax assets</b>							
Allowance for financing and advances	6,475	(536)	-	5,939	(294)	-	5,645
Allowance for investment	45	26	-	71	9	-	80
Allowance for investment in subsidiary	317	-	-	317	-	-	317
Investments at fair value through other comprehensive income	6,308	-	(3,122)	3,186	-	(5,687)	(2,501)
Others	1,102	43	-	1,145	176	-	1,321
<b>Total</b>	<b>14,247</b>	<b>(467)</b>	<b>(3,122)</b>	<b>10,658</b>	<b>(109)</b>	<b>(5,687)</b>	<b>4,862</b>
<b>Deferred tax liabilities</b>							
Property and equipment	(4,278)	176	-	(4,102)	464	-	(3,638)
Investments at fair value through other comprehensive income	-	-	-	-	-	-	-
Others	(269)	(47)	-	(316)	(176)	-	(492)
<b>Total</b>	<b>(4,547)</b>	<b>129</b>	<b>-</b>	<b>(4,418)</b>	<b>288</b>	<b>-</b>	<b>(4,130)</b>
<b>Total deferred tax assets</b>	<b>9,700</b>	<b>(338)</b>	<b>(3,122)</b>	<b>6,240</b>	<b>179</b>	<b>(5,687)</b>	<b>732</b>

## 28 Deposits from customers

	Group		Bank	
	2025 B\$'000	2024 B\$'000	2025 B\$'000	2024 B\$'000
<b>Non-Mudharabah</b>				
Demand deposits	2,838,847	2,710,375	2,865,479	2,738,432
Saving deposits	1,564,106	1,511,223	1,503,169	1,455,938
General investment deposits	4,219,107	4,110,780	4,188,420	4,074,095
<b>Total</b>	<b>8,622,060</b>	<b>8,332,378</b>	<b>8,557,068</b>	<b>8,268,465</b>

## 29 Deposits from banks and other financial institutions

	Group		Bank	
	2025 B\$'000	2024 B\$'000	2025 B\$'000	2024 B\$'000
<b>Non-Mudharabah</b>				
Licensed Islamic banks and financial institutions in Brunei Darussalam	41,784	70,330	39,613	63,937
Licensed finance companies in Brunei Darussalam	-	-	112,100	103,892
Licensed insurance companies in Brunei Darussalam	5,343	720	5,343	720
Licensed Islamic insurance companies	201,595	206,460	109,326	152,894
Other banks and financial institutions abroad	10,494	10,880	10,494	10,880
<b>Total</b>	<b>259,216</b>	<b>288,390</b>	<b>276,876</b>	<b>332,323</b>

Within the Licensed finance companies in Brunei Darussalam for the Bank are balances due to subsidiaries of B\$112,100,000 (2024: B\$103,892,000).

## 30 Placements from other financial institutions

Interbank placements include collateralised placements of B\$317,911,000 (2024: B\$277,463,000) secured by the investment in quoted debt securities amounted to B\$380,111,000 (2024: B\$311,321,000) with its counterparties.

### 31 Other liabilities

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
Other creditors	46,491	47,252	40,684	38,168
Employee benefits	13,538	13,711	13,378	13,580
Account payable	40,953	49,271	44,859	52,267
Lease liabilities	38,047	39,761	35,203	36,358
Foreign acceptance payable	258,619	335,017	258,619	335,017
Others	31,547	22,459	31,465	25,864
<b>Total</b>	<b>429,195</b>	<b>507,471</b>	<b>424,208</b>	<b>501,254</b>

*Reconciliation of movements of liabilities of cash flows arising from lease liabilities*

	<b>2025</b>
	<b>Lease</b>
	<b>liabilities</b>
	<b>B\$'000</b>
<b>Group</b>	
Opening balance at 1 January 2025	39,761
<b>Changes from financing cash flow</b>	
Payment of lease liabilities	(4,281)
<b>Other changes - Liability-related</b>	
New leases	1,893
Profit expense on leases	1,339
Termination of leases	(665)
<b>Balance at 31 December 2025</b>	<b>38,047</b>

	<b>2024</b>
	<b>Lease</b>
	<b>liabilities</b>
	<b>B\$'000</b>
<b>Group</b>	
Opening balance at 1 January 2024	37,887
<b>Changes from financing cash flow</b>	
Payment of lease liabilities	(3,995)
<b>Other changes - Liability-related</b>	
New leases	4,653
Profit expense on leases	1,216
<b>Balance at 31 December 2024</b>	<b>39,761</b>

	<b>2025</b>
	<b>Lease liabilities</b>
	<b>BS'000</b>
<b>Bank</b>	
Opening balance at 1 January 2025	36,358
<b>Changes from financing cash flow</b>	
Payment of lease liabilities	(3,400)
<b>Other changes - Liability-related</b>	
New leases	1,723
Profit expense on leases	1,187
Termination of leases	(665)
Balance at 31 December 2025	35,203

	<b>2024</b>
	<b>Lease liabilities</b>
	<b>BS'000</b>
<b>Bank</b>	
Opening balance at 1 January 2024	37,689
<b>Changes from financing cash flow</b>	
Payment of lease liabilities	(3,401)
<b>Other changes - Liability-related</b>	
New leases	854
Profit expense on leases	1,216
Balance at 31 December 2024	36,358

## 32 Share capital

	Number of shares		Amount	
	2025	2024	2025	2024
<b>Group and Bank</b>			<b>B\$</b>	<b>B\$</b>
<b>Authorised:</b>				
Ordinary shares of B\$0.70 each	1,428,571,429	1,428,571,429	1,000,000,000	1,000,000,000
<b>Total</b>	1,428,571,429	1,428,571,429	1,000,000,000	1,000,000,000
<b>Issued and fully paid:</b>				
Ordinary shares of B\$0.70 each	724,749,512	724,749,512	507,324,659	507,324,659
<b>Total</b>	724,749,512	724,749,512	507,324,659	507,324,659

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

### 33 Statutory and other reserves

#### Statutory reserves

	<b>Total B\$'000</b>
<b>Group</b>	
At 1 January 2024	591,175
Transfer in respect of current year's profit	7,900
At 31 December 2024	599,075
Transfer in respect of current year's profit	6,191
At 31 December 2025	605,266

	<b>Total B\$'000</b>
<b>Bank</b>	
At 1 January 2024	544,510
Transfer in respect of current year's profit	7,522
At 31 December 2024	552,032
Transfer in respect of current year's profit	6,014
At 31 December 2025	558,046

The statutory reserves are maintained in compliance with Section 24(1) of the Islamic Banking Act, Chapter 168, and Section 13 of the Finance Companies Act, Chapter 89 and are not distributable as dividend.

**Other reserves**

	<b>Fair value reserve BS'000</b>	<b>Foreign currency translation reserve BS'000</b>	<b>Retained profits BS'000</b>	<b>Total BS'000</b>
<b>Group</b>				
At 1 January 2024	(22,319)	(211)	283,316	260,786
Profit for the year	-	-	153,878	153,878
Other comprehensive income	13,745	114	-	13,859
Transfers to statutory and other reserves	-	-	(7,900)	(7,900)
Dividends paid on ordinary shares	-	-	(126,106)	(126,106)
At 31 December 2024	(8,574)	(97)	303,188	294,517
Profit for the year	-	-	121,640	121,640
Other comprehensive income	26,030	(267)	-	25,763
Transfers to statutory and other reserves	-	-	(6,191)	(6,191)
Dividends paid on ordinary shares	-	-	(101,465)	(101,465)
At 31 December 2025	17,456	(364)	317,172	334,264
Distributable retained profits			312,808	312,808
Non-distributable retained profits for PRCL			4,364	4,364
At 31 December 2025			317,172	317,172

	<b>Fair value reserve BS'000</b>	<b>Retained profits BS'000</b>	<b>Total BS'000</b>
<b>Bank</b>			
At 1 January 2024	(27,165)	215,485	188,320
Profit for the year	-	150,429	150,429
Other comprehensive income	13,703	-	13,703
Transfers to statutory and other reserves	-	(7,522)	(7,522)
Dividends paid on ordinary shares	-	(126,106)	(126,106)
At 31 December 2024	(13,462)	232,286	218,824
Profit for the year	-	120,283	120,283
Other comprehensive income	25,121	-	25,121
Transfers to statutory and other reserves	-	(6,014)	(6,014)
Dividends paid on ordinary shares	-	(101,465)	(101,465)
At 31 December 2025	11,659	245,090	256,749
Distributable retained profits		240,740	240,740
Non-distributable retained profits for PRCL		4,350	4,350
At 31 December 2025		245,090	245,090

The fair value reserve includes the cumulative net change in the fair value of financial assets measured at fair value through other comprehensive income, including impairment losses, until the financial asset is derecognised.

Non-distributable retained profits comprise prudential reserve for credit losses ("PRCL") which relates to accrued profit income on non-performing financing and advances. In compliance with BDCB regulations, the reserves are not distributable until they are collected.

## 34 Related party transactions

### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

The Group and Bank have related party relationships with its subsidiaries, substantial shareholders, associate and key management personnel.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain senior management members of the Group.

Key management have banking relationships with Group entities which are entered into in the normal course of business and on substantially the same terms, including profit rates and security, as for comparable transactions with other persons of a similar standing or, where applicable, with other employees. These transactions did not involve more than the normal risk of repayment or present other unfavourable features.

- (a) All outstanding balances with related parties are priced based on agreed terms between the parties. The related parties balance are unsecured. The significant outstanding balances of the Group and the Bank with related parties are as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>B\$'000</b>	<b>B\$'000</b>
<b>Associate</b>		
Amount due to	121,076	153,678

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>
<b>Key management personnel</b>		
<i>Amount due from</i>		
Financing (ex. Credit cards)	2,771	2,247
Credit cards	83	77
<hr/> <hr/>		
<i>Amount due to</i>		
Deposits	6,369	6,644
<hr/> <hr/>		
<b>Other related parties</b>		
<i>Amount due to</i>		
Deposits	596,358	482,387
<hr/> <hr/>		
	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>
<b>Subsidiaries</b>		
<i>Amount due from</i>		
Placements	861,136	752,023
Others	2,143	36,300
<hr/> <hr/>		
<i>Amount due to</i>		
Deposits	139,787	131,444
Others	5,163	4,719
<hr/> <hr/>		
<b>Associate</b>		
Amount due to	49,707	110,242
<hr/> <hr/>		
<b>Key management personnel</b>		
<i>Amount due from</i>		
Financing (ex. Credit cards)	2,010	1,915
Credit cards	69	77
<hr/> <hr/>		
<b>Key management personnel</b>		
<i>Amount due to</i>		
Deposits	3,975	4,315
<hr/> <hr/>		
<b>Other related parties</b>		
<i>Amount due to</i>		
Deposits	596,358	482,387
<hr/> <hr/>		

(b) The significant related party transactions of the Group and the Bank are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
<b>Subsidiaries</b>				
<i>Income</i>				
Other income	-	-	9,351	8,472
<i>Expenditure</i>				
Profit paid/payable on deposits	-	-	260	207
Other expenditure	-	-	4,131	4,139
<b>Associate</b>				
<i>Income</i>				
Fees and commission	262	355	-	-
<i>Expenditure</i>				
Profit paid/payable on deposits	1,882	2,425	1,032	1,401
Other expenditure	214	166	-	-
<b>Key management personnel</b>				
<i>Income</i>				
Income on financing	73	49	43	24
<i>Expenditure</i>				
Profit paid/payable on deposits	237	245	30	45
<b>Other related parties</b>				
<i>Expenditure</i>				
Profit paid/payable on deposits	8,928	10,852	8,928	10,852

### **Key management personnel**

Key management personnel compensation including Directors' remuneration is as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
Directors' fees and other remuneration	643	948	643	948
Other key management personnel:				
- Salary and employee benefits	5,499	5,670	4,962	5,193
Withholding tax paid	-	73	-	73

Number of shares held by key management personnel is as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
Number of shares held ('000)	61	96

### **Interest held by associate**

The number of shares of the Bank held by the associate as at 31 December 2025 is 11,706,213 (2024: 11,706,213).

### **Interest held by the government and government controlled entities**

The government of Brunei Darussalam through its various ministries and statutory boards has control over the Group via the shareholdings. As a result, the government of Brunei Darussalam and other government controlled bodies are related parties of the Group.

The Group enters into transactions with many of these bodies based on agreed terms between the parties in the normal course of business.

### ***Individually significant transactions***

Transactions include the payment of Brunei Darussalam corporation tax (Note 12) and banking transactions such as financing and deposits undertaken in the normal course of banker-customer relationships.

## **35 Financial risk management**

As the Group's statements of financial position, statements of profit or loss, statements of comprehensive income, changes in equity and cash flows comprise mainly the Bank and a material subsidiary, the financial risk management policies disclosed relates to the Bank, unless otherwise

### **Overview of risk management**

The Group has exposure to the following risks from financial instruments:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

### **Risk management functional and governance structure**

The Bank has aligned its risk organisational responsibilities with the objective of ensuring a common view of risks across the Bank. As a matter of good business practice and prudence, the Bank's core risk management functions, which reports to the Risk and Compliance Committee ("RCC") through its Credit Risk Committee ("CRC"), Capital Committee ("CC"), Asset Liability Committee ("ALCO") and Enterprise Risk Management Committee ("ERMC"), are independent and clearly segregated from the business divisions.

#### **(a) Credit risk**

##### **Overview of credit risk of the Bank**

Credit risk arises as a result of the failure of customers or counterparties to a financial instruments to meet their contractual obligations when they fall due. These obligations arise from the Bank's direct financing operations, trade finance and investments undertaken by the Bank. The Bank's exposure to credit risk is primarily from its financing activities to retail, corporate borrowers, including small & medium enterprises ("SMEs") and financial institutions.

##### **Management of credit risk**

The Board of Directors of the Bank has delegated responsibility for oversight of credit risk to its Credit Risk Committee. A separate Risk Management Division, reporting to the Credit Risk Committee, is responsible for managing the Bank's credit risk, including the following:

- To support management in building a healthy credit portfolio in line with the Bank's overall strategy and risk appetite;

- To develop an increasing ability to recognise, measure and avoid or mitigate potential credit risk issues; and
- To conform with statutory, regulatory and internal credit requirements.

Corporate credit risks are assessed by business units and evaluated and approved in accordance to the Bank's Credit Risk Governance. Each borrower is assigned a credit rating based on the assessment of relevant qualitative and quantitative factors including a borrower's financial position, types of facilities and proposed securities or collateral. Bank wide hierarchy of credit approving authorities and committee structures are in place to ensure appropriate underwriting standards are enforced consistently within the Bank.

Reviews are conducted on a regular basis with updated information on a borrower's financial position, market position, industry and economic condition and conduct of account. Corrective actions are taken when there are signs of credit deterioration.

Retail credit exposures are managed on a programme basis. Credit programmes are assessed jointly between credit risk and business units. Reviews on credit programmes are conducted on a regular basis to assess the performance of the portfolio.

Counterparty credit risk exposures are managed via counterparty limits either on a single name basis or counterparty group basis which adheres to the Guidance on Single Borrowing Limit issued by BDCB. The Bank monitors and manages its exposures to counterparties on a day-to-day basis.

To avoid concentration of credit risk in its financing and advances portfolio, the Bank imposes limits and related financing guidelines on:

- Country limits;
- Business segments;
- Single customer groups;
- Counterparties; and
- Collateral valuation.

The Bank has established a dedicated team of Collections and Recovery to effectively manage vulnerable borrowers. Special attention is given to vulnerable borrowers where frequent and intensive monitoring are performed to accelerate remedial action.

## **Internal credit rating reviews**

Internal credit rating reviews are an integral part of the Bank's credit risk management, decision making process, adequacy of provision and capital assessment.

The credit risk grades for Corporates, SMEs, Financial Institutions and Banks are assessed using the Standard & Poor's ("S&P") rating methodology. The ratings are linked to the Bank's risk appetite and allow the Bank to map the ratings to default statistics.

## **Overview of credit risk of the subsidiary**

Credit risk arises as a result of the failure of customers' or counterparties' to a financial instruments to settle their, financial or non-financial, contractual obligations. During the reporting period, the subsidiary's highest credit risks exposures are from its hire-purchase financing activities followed by its cash placements with the Bank and the regulator, and to lesser extent, its other accounts receivables.

### **(a) Business rules committee**

To manage its most significant credit risk, the subsidiary board, through the business rules committee, has established a sales policy, with business rules and approval authority matrix operationalised by the use of a decision support system, which ensure consistency and compliance in its credit underwriting process. The performance of the decision support system is monitored, monthly, by the committee and policies adjustments are made as necessary.

### **(b) Internal credit rating scorecard**

Internal credit rating scorecard models are an integral part of the subsidiary's credit risk management, decision making process, adequacy of provision and capital assessment. Retail exposure is assigned a rating utilising customised application and behavioural scorecard model, based on assessment of relevant predictive characteristics. The predictive performance of the two scorecards are validated monthly by the business rules committee using established methods, including rank ordering, PSI statistics, K factor and Gini coefficient.

### **(c) Recovery department**

The subsidiary has established a dedicated recovery department function comprising three units to deal with the different stages of default; the front-end negotiation team, the repossession and collateral disposal team and the litigation team. The teams report to the Head of Recovery who, in turn, report to the business rules committee its performance to minimise the incurred credit losses.

## Maximum exposure to credit risk

The following table presents the Group's and Bank's maximum exposure to credit risk of recognised assets and unrecognised financial instruments, without taking into account of any collateral held or other credit enhancements. For recognised assets, the exposure to credit risk equals their carrying amount. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group and Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
<b><i>Credit risk exposure of recognised assets:</i></b>				
Cash and cash equivalents *	2,321,377	2,233,496	2,324,603	2,235,850
Balances with Brunei Darussalam Central Bank	502,342	553,536	447,507	505,827
Placements with and financing and advances to banks	559,048	824,983	1,420,070	1,570,982
Government sukus	22,269	9,358	22,269	9,358
Investments **	1,393,626	1,498,579	1,393,626	1,498,579
Derivative financial assets	19,414	12,014	19,414	12,014
Financing and advances	5,983,263	5,448,261	4,967,735	4,549,430
Other assets ***	316,007	406,597	315,214	434,569
<b>Sub-total</b>	<b>11,117,346</b>	<b>10,986,824</b>	<b>10,910,438</b>	<b>10,816,609</b>
<b><i>Credit risk exposure of unrecognised financial instruments:</i></b>				
Credit commitments	872,937	840,388	872,937	840,388
Contingent liabilities	375,658	289,724	375,658	289,724
<b>Sub-total</b>	<b>1,248,595</b>	<b>1,130,112</b>	<b>1,248,595</b>	<b>1,130,112</b>
<b>Total credit exposures</b>	<b>12,365,941</b>	<b>12,116,936</b>	<b>12,159,033</b>	<b>11,946,721</b>

\* Cash and cash equivalents exclude cash in hand.

\*\* Investments exclude unquoted equity security and unquoted fund.

\*\*\* Other assets exclude prepayments.

**(i) Concentration of credit risk for Group and Bank**

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk from the assets is shown below:

<b>Group</b>	<b>Cash and short-term funds and deposits and placements with financial institutions * BS'000</b>	<b>Balances with Brunei Darussalam Central Bank BS'000</b>	<b>Government sukuku BS'000</b>	<b>Investments ** BS'000</b>	<b>Derivative financial assets BS'000</b>	<b>Financing and advances BS'000</b>	<b>Other assets *** BS'000</b>	<b>On-balance sheet total BS'000</b>	<b>Commitments and contingencies BS'000</b>
<b>2025</b>									
Agricultural	-	-	-	-	-	3,251	-	3,251	1,006
Financial	2,880,425	-	-	874,977	19,414	751,878	-	4,526,694	170,681
Manufacturing	-	-	-	3,755	-	61,072	-	64,827	161,649
Transportation	-	-	-	-	-	991,738	-	991,738	2,070
Infrastructure	-	-	-	190,723	-	36,072	-	226,795	58,417
Traders	-	-	-	-	-	91,318	-	91,318	21,251
Services	-	-	-	-	-	54,399	-	54,399	62,597
Residential property (personal)	-	-	-	-	-	1,052,376	-	1,052,376	51,731
Commercial	-	-	-	-	-	1,128,584	-	1,128,584	411,861
Tourism	-	-	-	-	-	16,542	-	16,542	3,507
Telecommunication and information technology	-	-	-	14,907	-	74,260	-	89,167	41,751
Personal and consumption financing	-	-	-	-	-	936,391	-	936,391	112,771
Oil and gas	-	-	-	-	-	785,382	-	785,382	143,303
Others	-	502,342	22,269	309,264	-	-	316,007	1,149,882	6,000
<b>Total</b>	<b>2,880,425</b>	<b>502,342</b>	<b>22,269</b>	<b>1,393,626</b>	<b>19,414</b>	<b>5,983,263</b>	<b>316,007</b>	<b>11,117,346</b>	<b>1,248,595</b>

\* Cash and short-term funds and deposits and placements with financial institutions exclude cash in hand.

\*\* Investments exclude unquoted equity security and unquoted fund.

\*\*\* Other assets exclude prepayments.

<b>Group</b>	<b>Cash and short- term funds and deposits and placements with financial institutions *</b>	<b>Balances with Brunei Darussalam</b>		<b>Investments **</b>	<b>Derivative financial assets</b>	<b>Financing and advances</b>	<b>Other assets ***</b>	<b>On-balance sheet total</b>	<b>Commitments and contingencies</b>
	<b>BS'000</b>	<b>Central Bank</b>	<b>Government sukuku</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
<b>2024</b>									
Agricultural	-	-	-	-	-	12,272	-	12,272	20,164
Financial	3,058,479	-	-	997,486	8,035	473,392	-	4,596,417	151,918
Manufacturing	-	-	-	-	-	59,193	-	59,193	13,559
Transportation	-	-	-	-	-	877,481	-	877,481	1,642
Infrastructure	-	-	-	189,146	-	31,909	-	221,055	90,893
Traders	-	-	-	-	-	97,292	-	97,292	31,652
Services	-	-	-	-	-	58,850	-	58,850	23,423
Residential property (personal)	-	-	-	-	-	988,624	-	988,624	62,505
Commercial	-	-	-	25,528	-	941,158	-	966,686	200,815
Tourism	-	-	-	-	-	16,308	-	16,308	4,205
Telecommunication and information technology	-	-	-	15,486	-	40,640	-	56,126	29,097
Personal and consumption financing	-	-	-	-	-	933,434	-	933,434	102,254
Oil and gas	-	-	-	-	3,979	917,708	-	921,687	242,985
Others	-	553,536	9,358	270,933	-	-	406,597	1,240,424	155,000
<b>Total</b>	<b>3,058,479</b>	<b>553,536</b>	<b>9,358</b>	<b>1,498,579</b>	<b>12,014</b>	<b>5,448,261</b>	<b>406,597</b>	<b>11,045,849</b>	<b>1,130,112</b>

\* Cash and short-term funds and deposits and placements with financial institutions exclude cash in hand.

\*\* Investments exclude unquoted equity security and unquoted fund.

\*\*\* Other assets exclude prepayments.

	<b>Cash and short- term funds and deposits and placements with financial institutions *</b>	<b>Balances with Brunei Darussalam Central Bank</b>	<b>Government sukuks</b>	<b>Investments **</b>	<b>Derivative financial assets</b>	<b>Financing and advances</b>	<b>Other assets ***</b>	<b>On-balance sheet total</b>	<b>Commitments and contingencies</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
<b>Bank</b>									
<b>2025</b>									
Agricultural	-	-	-	-	-	3,251	-	3,251	1,006
Financial	3,744,673	-	-	874,977	19,414	751,878	-	5,390,942	170,681
Manufacturing	-	-	-	3,755	-	61,072	-	64,827	161,649
Transportation	-	-	-	-	-	8,279	-	8,279	2,070
Infrastructure	-	-	-	190,723	-	36,072	-	226,795	58,417
Traders	-	-	-	-	-	91,318	-	91,318	21,251
Services	-	-	-	-	-	54,399	-	54,399	62,597
Residential property (personal)	-	-	-	-	-	1,052,376	-	1,052,376	51,731
Commercial	-	-	-	-	-	1,128,584	-	1,128,584	411,861
Tourism	-	-	-	-	-	16,542	-	16,542	3,507
Telecommunication and information technology	-	-	-	14,907	-	74,260	-	89,167	41,751
Personal and consumption financing	-	-	-	-	-	904,321	-	904,321	112,771
Oil and gas	-	-	-	-	-	785,382	-	785,382	143,303
Others	-	447,507	22,269	309,264	-	-	315,214	1,094,254	6,000
<b>Total</b>	<b>3,744,673</b>	<b>447,507</b>	<b>22,269</b>	<b>1,393,626</b>	<b>19,414</b>	<b>4,967,734</b>	<b>315,214</b>	<b>10,910,437</b>	<b>1,248,595</b>

\* Cash and short-term funds and deposits and placements with financial institutions exclude cash in hand.

\*\* Investments exclude unquoted equity security and unquoted fund.

\*\*\* Other assets exclude prepayments.

	<b>Cash and short-term funds and deposits and placements with financial institutions *</b>	<b>Balances with Brunei Darussalam</b>			<b>Derivative financial assets</b>	<b>Financing and advances</b>	<b>Other assets ***</b>	<b>On-balance sheet total</b>	<b>Commitments and contingencies</b>
	<b>B\$'000</b>	<b>Central Bank</b>	<b>Government sukuku</b>	<b>Investments **</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
<b>Bank</b>									
<b>2024</b>									
Agricultural	-	-	-	-	-	12,272	-	12,272	20,164
Financial	3,806,832	-	-	997,486	8,035	473,392	-	5,344,295	151,918
Manufacturing	-	-	-	-	-	59,193	-	59,193	13,559
Transportation	-	-	-	-	-	1,840	-	1,840	1,642
Infrastructure	-	-	-	189,146	-	31,909	-	221,055	90,893
Traders	-	-	-	-	-	97,292	-	97,292	31,652
Services	-	-	-	-	-	58,850	-	58,850	23,423
Residential property (personal)	-	-	-	-	-	988,624	-	988,624	62,505
Commercial	-	-	-	25,528	-	941,158	-	966,686	200,815
Tourism	-	-	-	-	-	16,308	-	16,308	4,205
Telecommunication and information technology	-	-	-	15,486	-	40,640	-	56,126	29,097
Personal and consumption financing	-	-	-	-	-	910,244	-	910,244	102,254
Oil and gas	-	-	-	-	3,979	917,708	-	921,687	242,985
Others	-	505,827	9,358	270,933	-	-	434,569	1,220,687	155,000
<b>Total</b>	<b>3,806,832</b>	<b>505,827</b>	<b>9,358</b>	<b>1,498,579</b>	<b>12,014</b>	<b>4,549,430</b>	<b>434,569</b>	<b>10,875,159</b>	<b>1,130,112</b>

\* Cash and short-term funds and deposits and placements with financial institutions exclude cash in hand.

\*\* Investments exclude unquoted equity security and unquoted fund.

\*\*\* Other assets exclude prepayments.

**(ii) Collateral**

The main types of collateral obtained by the Group and the Bank to mitigate credit risk are as follows:

- For programme financing – assignment of income;
- For mortgages – charges over residential properties;
- For auto financing – ownership claims over the vehicles financed;
- For commercial property financing – charges over the properties financed; and
- For other financing – charges over business assets such as premises, inventories, assignment of receivables or under lien deposits.

Based on the secured financings, the fair values of collaterals held by the Group and Bank for which they are entitled to sell or pledge in the event of default is as follows: (Refer to Note 21 for the breakdown of financings by security)

Group	2025		2024	
	Carrying amount of financing and advances BS'000	Fair value of collateral BS'000	Carrying amount of financing and advances BS'000	Fair value of collateral BS'000
<b>Type of collateral</b>				
Cash	235,303	235,303	580,834	580,834
Properties	2,251,865	2,197,130	1,978,413	1,927,200
Vessels	253,536	251,924	323,436	307,188
Motor vehicles and others	1,061,078	790,130	933,719	726,080
<b>Total</b>	<b>3,801,782</b>	<b>3,474,487</b>	<b>3,816,402</b>	<b>3,541,302</b>

Bank	2025		2024	
	Carrying amount of financing and advances BS'000	Fair value of collateral BS'000	Carrying amount of financing and advances BS'000	Fair value of collateral BS'000
<b>Type of collateral</b>				
Cash	235,303	235,303	580,834	580,834
Properties	2,251,865	2,197,130	1,978,413	1,927,200
Vessels	253,536	251,924	323,436	307,188
Motor vehicles and others	45,549	45,549	34,888	34,888
<b>Total</b>	<b>2,786,253</b>	<b>2,729,906</b>	<b>2,917,571</b>	<b>2,850,110</b>

The fair value of collateral excludes the effect of over-collateralisation.

The carrying amount of properties and motor vehicles that have been repossessed during the year amount to B\$3,078,000 (2024: B\$2,306,000) for the Group and B\$1,376,000 (2024: B\$1,391,000) for the Bank.

**(iii) Credit quality of gross financing and advances**

Gross financing and advances are classified by the following internal risk category as described below:

**Neither past due nor impaired**

- a) Excellent to good**                      Obligors rated in this category have an excellent to good capacity to meet financial commitments with very low credit risk.
- b) Fair**    Obligors rated in this category have a fairly acceptable capacity to meet financial commitments with moderate credit risk.

**Past due but not impaired**

Obligors rated in this category have financial commitments that are past due but no objective evidence of impairment.

**Impaired**

Obligors with objective evidence of impairment as a result of one or more events that have an impact on the estimated future cash flows of the obligors.

The table below summarises the credit quality of the Group's and the Bank's gross financing according to the above classifications.

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
Neither past due nor impaired	5,671,460	5,343,517	4,670,437	4,457,407
Past due but not impaired	285,393	66,821	270,255	53,194
Impaired	61,327	74,119	57,551	70,927
	<b>6,018,180</b>	<b>5,484,457</b>	<b>4,998,243</b>	<b>4,581,528</b>
Allowance for impairment on financing and advances	(34,917)	(36,196)	(30,508)	(32,098)
<b>Total</b>	<b>5,983,263</b>	<b>5,448,261</b>	<b>4,967,735</b>	<b>4,549,430</b>

### Credit quality analysis

	<b>2025</b>			
	<b>12-month ECL B\$'000</b>	<b>Lifetime ECL – not credit- impaired B\$'000</b>	<b>Lifetime ECL – credit- impaired B\$'000</b>	<b>Total B\$'000</b>
<b>Group</b>				
Neither past due nor impaired				
Excellent to good	3,955,589	16,720	-	3,972,309
Fair	1,681,825	17,326	-	1,699,151
Past due but not impaired	66,085	219,308	-	285,393
Impaired	-	-	61,327	61,327
<b>Total</b>	<b>5,703,499</b>	<b>253,354</b>	<b>61,327</b>	<b>6,018,180</b>
Allowance for impairment on financing and advances	(8,737)	(3,591)	(22,589)	(34,917)
<b>Total</b>	<b>5,694,762</b>	<b>249,763</b>	<b>38,738</b>	<b>5,983,263</b>
	<b>2024</b>			
	<b>12-month ECL B\$'000</b>	<b>Lifetime ECL – not credit- impaired B\$'000</b>	<b>Lifetime ECL – credit- impaired B\$'000</b>	<b>Total B\$'000</b>
<b>Group</b>				
Neither past due nor impaired				
Excellent to good	3,818,241	33,717	-	3,851,958
Fair	1,294,854	196,705	-	1,491,559
Past due but not impaired	21,662	45,159	-	66,821
Impaired	-	-	74,119	74,119
<b>Total</b>	<b>5,134,757</b>	<b>275,581</b>	<b>74,119</b>	<b>5,484,457</b>
Allowance for impairment on financing and advances	(8,370)	(3,151)	(24,675)	(36,196)
<b>Total</b>	<b>5,126,387</b>	<b>272,430</b>	<b>49,444</b>	<b>5,448,261</b>

The following table sets out information about the ageing status of gross financing and advances facilities for obligors categorised as past due but not impaired:

	<b>2025</b>		
	<b>12-month ECL BS'000</b>	<b>Lifetime ECL – not credit- impaired BS'000</b>	<b>Total BS'000</b>
<b>Group</b>			
<b>By ageing:</b>			
Current	11,883	136,762	148,645
1 month-in-arrears (1 to 30 days)	54,202	37,262	91,464
2 months-in-arrears (31 to 60 days)	-	18,360	18,360
3 months-in-arrears (61 to 90 days)	-	26,924	26,924
<b>Total</b>	<b>66,085</b>	<b>219,308</b>	<b>285,393</b>

	<b>2024</b>		
	<b>12-month ECL BS'000</b>	<b>Lifetime ECL – not credit- impaired BS'000</b>	<b>Total BS'000</b>
<b>Group</b>			
<b>By ageing:</b>			
Current	3,145	12,543	15,688
1 month-in-arrears (1 to 30 days)	18,324	17,359	35,683
2 months-in-arrears (31 to 60 days)	193	3,536	3,729
3 months-in-arrears (61 to 90 days)	-	11,721	11,721
<b>Total</b>	<b>21,662</b>	<b>45,159</b>	<b>66,821</b>

	<b>2025</b>			
	<b>12-month ECL BS'000</b>	<b>Lifetime ECL – not credit- impaired BS'000</b>	<b>Lifetime ECL – credit- impaired BS'000</b>	<b>Total BS'000</b>
<b>Bank</b>				
Neither past due nor impaired				
Excellent to good	3,557,698	16,720	-	3,574,418
Fair	1,078,693	17,326	-	1,096,019
Past due but not impaired	66,085	204,170	-	270,255
Impaired	-	-	57,551	57,551
<b>Total</b>	4,702,476	238,216	57,551	4,998,243
Allowance for impairment on financing and advances	(7,818)	(3,365)	(19,325)	(30,508)
<b>Total</b>	4,694,658	234,851	38,226	4,967,735

	<b>2024</b>			
	<b>12-month ECL BS'000</b>	<b>Lifetime ECL – not credit- impaired BS'000</b>	<b>Lifetime ECL – credit- impaired BS'000</b>	<b>Total BS'000</b>
<b>Bank</b>				
Neither past due nor impaired				
Excellent to good	3,577,241	33,717	-	3,610,958
Fair	649,744	196,705	-	846,449
Past due but not impaired	21,662	31,532	-	53,194
Impaired	-	-	70,927	70,927
<b>Total</b>	4,248,647	261,954	70,927	4,581,528
Allowance for impairment on financing and advances	(7,423)	(2,855)	(21,820)	(32,098)
<b>Total</b>	4,241,224	259,099	49,107	4,549,430

The following table sets out information about the ageing status of gross financing and advances facilities for obligors categorised as past due but not impaired:

	<b>2025</b>		
	<b>12-month</b>	<b>Lifetime</b>	<b>Total</b>
	<b>ECL</b>	<b>ECL – not</b>	
	<b>BS'000</b>	<b>credit-impaired</b>	<b>BS'000</b>
<b>Bank</b>			
<b>By ageing:</b>			
Current	11,883	136,243	148,126
1 month-in-arrears (1 to 30 days)	54,202	23,078	77,280
2 months-in-arrears (31 to 60 days)	-	17,925	17,925
3 months-in-arrears (61 to 90 days)	-	26,924	26,924
<b>Total</b>	<b>66,085</b>	<b>204,170</b>	<b>270,255</b>

	<b>2024</b>		
	<b>12-month</b>	<b>Lifetime</b>	<b>Total</b>
	<b>ECL</b>	<b>ECL – not</b>	
	<b>BS'000</b>	<b>credit-impaired</b>	<b>BS'000</b>
<b>Bank</b>			
<b>By ageing:</b>			
Current	3,145	11,967	15,112
1 month-in-arrears (1 to 30 days)	18,324	5,075	23,399
2 months-in-arrears (31 to 60 days)	193	2,797	2,990
3 months-in-arrears (61 to 90 days)	-	11,693	11,693
<b>Total</b>	<b>21,662</b>	<b>31,532</b>	<b>53,194</b>

A table showing a reconciliation between the movement of ECL/ IFRS9 staging is disclosed as per below:

	<b>2025</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
<b>Group</b>				
Balance at 1 January	8,370	3,151	24,675	36,196
Transfer to/(from) Stage 1	1,559	(272)	(1,287)	-
Transfer to/(from) Stage 2	33	303	(336)	-
Transfer to/(from) Stage 3	(33)	(281)	314	-
Net remeasurement of loss allowance	(3,856)	381	7,532	4,057
New financial assets originated or purchased	3,954	932	578	5,464
Financial assets that have been derecognised	(1,218)	(563)	(976)	(2,757)
Write-offs	(72)	(60)	(7,911)	(8,043)
<b>Balance at 31 December</b>	<b>8,737</b>	<b>3,591</b>	<b>22,589</b>	<b>34,917</b>

	<b>2024</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
<b>Group</b>				
Balance at 1 January	10,760	3,082	25,423	39,265
Transfer to/(from) Stage 1	(53)	(145)	198	-
Transfer to/(from) Stage 2	(61)	183	(122)	-
Transfer to/(from) Stage 3	(63)	(312)	375	-
Net remeasurement of loss allowance	(4,264)	(75)	8,831	4,492
New financial assets originated or purchased	3,577	750	827	5,154
Financial assets that have been derecognised	(1,461)	(330)	(769)	(2,560)
Write-offs	(65)	(2)	(10,088)	(10,155)
<b>Balance at 31 December</b>	<b>8,370</b>	<b>3,151</b>	<b>24,675</b>	<b>36,196</b>

	<b>2025</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
<b>Bank</b>				
Balance at 1 January	7,423	2,855	21,820	32,098
Transfer to/(from) Stage 1	1,585	(295)	(1,290)	-
Transfer to/(from) Stage 2	(64)	424	(360)	-
Transfer to/(from) Stage 3	(43)	(305)	348	-
Net remeasurement of loss allowance	(3,360)	447	6,450	3,537
New financial assets originated or purchased	3,429	816	402	4,647
Financial assets that have been derecognised	(1,152)	(517)	(759)	(2,428)
Write-offs	-	(60)	(7,286)	(7,346)
<b>Balance at 31 December</b>	<b>7,818</b>	<b>3,365</b>	<b>19,325</b>	<b>30,508</b>

	<b>2024</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
<b>Bank</b>				
Balance at 1 January	9,873	2,882	22,390	35,145
Transfer to/(from) Stage 1	499	(296)	(203)	-
Transfer to/(from) Stage 2	(79)	320	(241)	-
Transfer to/(from) Stage 3	(64)	(312)	376	-
Net remeasurement of loss allowance	(4,473)	(77)	8,708	4,158
New financial assets originated or purchased	3,071	670	823	4,564
Financial assets that have been derecognised	(1,404)	(330)	(686)	(2,420)
Write-offs	-	(2)	(9,347)	(9,349)
<b>Balance at 31 December</b>	<b>7,423</b>	<b>2,855</b>	<b>21,820</b>	<b>32,098</b>

Transfers to/from Stage 1, Stage 2 or Stage 3 are due to financial instruments experiencing significant increases or decreases of credit risk or becoming credit-impaired in the period, and the subsequent increase or decrease in the ECL as financial assets move from one stage to another.

**(iv) Credit quality of other financial assets (excluding equity securities)**

The Group managed its exposure to credit risk by investing only in liquid debt securities majority with counterparties that have a credit rating of at least BBB- or its rating equivalent from BDCB approved External Credit Assessment Institution (ECAI), and a small portion to below investment grade or unrated Sukuk. If no such ECAI is available, the Sukuk (obligor) will be assessed using internal model and at least be rated BBB-.

The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields and, where available, credit default swap (CDS) prices together with available press and regulatory information about issuers which include quarterly earning updates, and the operating environment.

12-month and lifetime probabilities of default are based on historical data supplied by Moody's Investor Service for each credit rating and are recalibrated based on current bond yields. Loss given default (LGD) parameters generally reflect recovery rate depending on the type of asset and sukuk feature which range between 20% to 50% except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective yield rate.

The following table presents an analysis of the credit quality of debt securities at amortised cost, FVOCI and FVTPL. It indicates whether assets measured at amortised cost or FVOCI were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired.

Credit quality of other financial assets (excluding equity securities) due from external parties are as follows:

**Amortised cost**

	<b>Gross carrying amount BS'000</b>	<b>12-month ECL BS'000</b>	<b>Lifetime ECL- not credit impaired BS'000</b>	<b>Lifetime ECL- credit impaired BS'000</b>	<b>Total BS'000</b>
<b>Group and Bank</b>					
<b>2025</b>					
Debt securities					
Rated AAA	-	-	-	-	-
Rate AA+ to AA-	-	-	-	-	-
Rate A+ to A-	-	-	-	-	-
Rated BBB+ to BBB-	3,870	(4)	-	-	3,866
Rated BB+ or below	44,169	(53)	-	-	44,116
Unrated-Quasi-government	-	-	-	-	-
Unrated-Others	-	-	-	-	-
Other investments	-	-	-	-	-
<b>Total</b>	<b>48,039</b>	<b>(57)</b>	<b>-</b>	<b>-</b>	<b>47,982</b>

	<b>Gross carrying amount BS'000</b>	<b>12-month ECL BS'000</b>	<b>Lifetime ECL- not credit impaired BS'000</b>	<b>Lifetime ECL- credit impaired BS'000</b>	<b>Total BS'000</b>
<b>2024</b>					
Debt securities					
Rated AAA	-	-	-	-	-
Rate AA+ to AA-	-	-	-	-	-
Rate A+ to A-	6,641	-	-	-	6,641
Rated BBB+ to BBB-	29,636	(8)	-	-	29,628
Rated BB+ or below	46,658	(64)	-	-	46,594
Unrated-Quasi-government	-	-	-	-	-
Unrated-Others	-	-	-	-	-
Other investments	-	-	-	-	-
<b>Total</b>	<b>82,935</b>	<b>(72)</b>	<b>-</b>	<b>-</b>	<b>82,863</b>

**Fair value through profit and loss**

	<b>Gross carrying amount B\$'000</b>	<b>12-month ECL B\$'000</b>	<b>Lifetime ECL- not credit impaired B\$'000</b>	<b>Lifetime ECL-credit impaired B\$'000</b>	<b>Total B\$'000</b>
<b>Group and Bank</b>					
<b>2025</b>					
Quoted securities					
Rated AAA	-	-	-	-	-
Rate AA+ to AA-	-	-	-	-	-
Rate A+ to A-	-	-	-	-	-
Rated BBB+ to BBB-	-	-	-	-	-
Rated BB+ or below	-	-	-	-	-
Unrated-Quasi-government	-	-	-	-	-
Unrated-Others	-	-	-	-	-
Other investments	57,288	-	-	-	57,288
<b>Total</b>	<b>57,288</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,288</b>

	<b>Gross carrying amount B\$'000</b>	<b>12-month ECL B\$'000</b>	<b>Lifetime ECL- not credit impaired B\$'000</b>	<b>Lifetime ECL-credit impaired B\$'000</b>	<b>Total B\$'000</b>
<b>2024</b>					
Quoted securities					
Rated AAA	-	-	-	-	-
Rate AA+ to AA-	-	-	-	-	-
Rate A+ to A-	-	-	-	-	-
Rated BBB+ to BBB-	-	-	-	-	-
Rated BB+ or below	-	-	-	-	-
Unrated-Quasi-government	-	-	-	-	-
Unrated-Others	-	-	-	-	-
Other investments	86,540	-	-	-	86,540
<b>Total</b>	<b>86,540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,540</b>

**Fair value through other comprehensive income**

	<b>Gross carrying amount B\$'000</b>	<b>12-month ECL B\$'000</b>	<b>Lifetime ECL- not credit impaired B\$'000</b>	<b>Lifetime ECL-credit impaired B\$'000</b>	<b>Total B\$'000</b>
<b>Group and Bank</b>					
<b>2025</b>					
Quoted securities					
Rated AAA	-	-	-	-	-
Rate AA+ to AA-	103,585	(16)	-	-	103,569
Rate A+ to A-	941,404	(198)	-	-	941,206
Rated BBB+ to BBB-	193,786	(144)	-	-	193,642
Rated BB+ or below	17,974	(7)	-	-	17,967
Unrated-Quasi-government	31,607	(6)	-	-	31,601
Unrated-Others	-	-	-	-	-
Other investments	-	-	-	-	-
<b>Total</b>	<b>1,288,356</b>	<b>(371)</b>	<b>-</b>	<b>-</b>	<b>1,287,985</b>

	<b>Gross carrying amount B\$'000</b>	<b>12-month ECL B\$'000</b>	<b>Lifetime ECL- not credit impaired B\$'000</b>	<b>Lifetime ECL-credit impaired B\$'000</b>	<b>Total B\$'000</b>
<b>2024</b>					
Quoted securities					
Rated AAA	-	-	-	-	-
Rate AA+ to AA-	138,796	(18)	-	-	138,778
Rate A+ to A-	990,305	(192)	-	-	990,113
Rated BBB+ to BBB-	148,181	(87)	-	-	148,094
Rated BB+ or below	18,552	(12)	-	-	18,540
Unrated-Quasi-government	33,342	(6)	-	-	33,336
Unrated-Others	-	-	-	-	-
Other investments	-	-	-	-	-
<b>Total</b>	<b>1,329,176</b>	<b>(315)</b>	<b>-</b>	<b>-</b>	<b>1,328,861</b>

Government sukuk held by the Group (refer to Note 18) are issued by Brunei Darussalam Central Bank. Derivative financial assets held with other counterparties (refer to Note 20) are generally above the rating of A-. For other assets, impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

**(v) Offsetting financial assets and financial liabilities**

The disclosures set out in the table below include financial assets and liabilities that:

- are offset in the statements of financial position of the Group and Bank; or
- are subject to an enforceable master netting arrangement, irrespective of whether are offset in the statements of financial position.

Financial instruments such as financing and advances, deposits, other assets and other liabilities do not offset in the statements of financial position of the Group and Bank.

The derivative transactions of the Group and Bank that are not transacted on an exchange are entered into under Master Agreement for Islamic Transactions. In general, under such agreement the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above agreement does not meet the criteria for offsetting in the statements of financial position. This is because they create a right of set-off recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group and Bank or the counterparties. In addition, the Group and Bank and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

**Financial assets and financial liabilities subject to offsetting, enforceable master agreement for Islamic transactions**

	Gross amounts of recognised financial instruments B\$'000	Gross amounts of recognised financial instruments offset in the statements of financial position B\$'000	Net amounts of financial instruments presented in the statements of financial position B\$'000	Related amounts not offset in the statements of financial position		Net amount B\$'000
				Financing instruments B\$'000	Financing collateral B\$'000	
<b>Group and Bank</b>						
<b>2025</b>						
Derivative financial assets	18,617	-	18,617	(6,506)	-	12,111
Derivative financial liabilities	18,988	-	18,988	(6,506)	-	12,482
<b>2024</b>						
Derivative financial assets	11,011	-	11,011	(2,183)	-	8,828
Derivative financial liabilities	65,201	-	65,201	(2,183)	-	63,018

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statements of financial position that are disclosed in the above tables are measured in the statements of financial position at fair value.

**(b) Market risk**

**Overview of the Bank's market risk**

Market risk is defined as the uncertainty of market value and earnings from changes in yield rates, exchange rates, market prices and volatilities. The Bank assumes market risk from trading and investment activities and from retail and corporate financings.

The Bank's asset and liability profile can be characterised as that of a standard retail bank. Trading activities are negligible, with an investment portfolio of no more than 15% of the Bank's total assets. Stress testing and sensitivity analysis are performed to assess the impact from changes in the yield curve for income on a monthly basis and for market value on a quarterly basis.

**Management of market risk**

Market risk of the Bank is managed by the Market Risk unit of the Risk Management Division. Market risk report is presented monthly to the Bank's ALCO and quarterly to the RCC committee. ALCO provides general guidelines to the parameters and limits applied in deriving the report's outcome. ALCO maintains the policy and procedures with regards to the market risk framework that are consistent and in-line with the short and long-term strategic goals and directions of the Board of Directors.

The objective of the Bank's market risk management is to manage and control market risk exposures in order to optimise return on risk while maintaining a market risk profile consistent with the Bank's approved risk appetite.

The Bank is exposed to the following risks:

**Profit Rate Risk:** Changes in the market wide yield rate i.e. yield curve will have an impact on the income of the Bank. This depends on how quickly the Bank can absorb the change in yield rate and price this in the composition of assets and liabilities. Stress test and sensitivity analysis is performed at 1%, 3% and 8% parallel shift in market yield rates and the resulting change in 1 year net income position of the Bank.

**Fair Value/Duration Risk:** The fair value of assets and liabilities changes as the discount factor i.e. the yield curve moves up or down. The composition and duration of the assets and liabilities will determine the net change in net asset value. The base discount factor is the market SGD yield curve, to which a premium is added to reflect the market perception of the Bank's credit standing. The changes in fair value will not have a material impact on the financial statements of the Group and the Bank.

**Foreign Exchange Risk:** The Bank has substantial exposure in foreign exchange denominated assets, particularly the United States Dollar ("USD"). This foreign exchange risk is managed through foreign exchange forward currency hedges, whereby all foreign exchange assets are required to be covered by either liabilities in the same currency and/or foreign exchange forward hedge with a reputable international counterparty. The Bank's Executive Committee has given approval for only B\$10 million equivalent in total aggregate of foreign currency open position.

### **Overview of the subsidiary's market risk**

All the subsidiary's financing assets are fixed rate and is not subject to future movement. However, the subsidiary's deposit from customers are subject to future repricing risk and the risk that prices and rates will move, resulting in profit or loss to the subsidiary.

The subsidiary is exposed to the following risks:

**Rate of return or profit risk:** risk that changes in prevailing yield rate for deposits will adversely affect the earnings stream of the subsidiary, thus resulting in reduced net financing income.

**Price Risk:** risk that changes in prevailing yield rate will adversely affect the values of assets, liabilities, and capital. Price risk is the valuation effect due to changes in rates and other market factors both internal and external to the subsidiary. The objective of the subsidiary's market risk management is to manage and control market risk exposures in order to optimise return on risk while maintaining a market risk profile consistent with the subsidiary's approved risk appetite.

### **Market risk governance and management**

The board of the subsidiary reviews these risks at least annually, and more often as conditions may warrant. This helps to provide for growth that is sound, profitable and balanced without sacrificing the quality of service and to manage and maintain policies and procedures that are consistent with the subsidiary's and Group's strategic goals.

**(i) Profit rate risk**

The tables below summarise the Group's and Bank's exposure to profit rate risk and gap position on non-trading portfolio. The tables indicate the periods in which the financial instruments reprice or mature, whichever is earlier.

	<b>Up to 1 month BS'000</b>	<b>1 – 3 months BS'000</b>	<b>3 – 12 months BS'000</b>	<b>1 – 5 years BS'000</b>	<b>Over 5 years BS'000</b>	<b>Non profit bearing BS'000</b>	<b>Trading book BS'000</b>	<b>Total BS'000</b>
<b>Group 2025</b>								
<b>Assets</b>								
Cash and cash equivalents	2,235,240	18,258	-	-	-	139,428	-	2,392,926
Balances with Brunei Darussalam Central Bank	-	-	-	-	-	502,342	-	502,342
Placements with and financing and advances to banks	-	277,848	281,200	-	-	-	-	559,048
Government sukuku	12,361	-	9,908	-	-	-	-	22,269
Investments at amortised cost	-	-	-	47,982	-	-	-	47,982
Investments at fair value through profit or loss *	-	-	-	-	-	-	57,288	57,288
Investments at fair value through other comprehensive income *	60,867	36,235	78,493	1,035,297	77,464	-	-	1,288,356
Derivative financial assets	-	-	-	-	-	-	19,414	19,414
Financing and advances **	149,827	341,037	636,661	2,520,076	2,335,662	-	-	5,983,263
Other assets ***	-	-	-	-	-	316,007	-	316,007
<b>Total</b>	<b>2,458,295</b>	<b>673,378</b>	<b>1,006,262</b>	<b>3,603,355</b>	<b>2,413,126</b>	<b>957,777</b>	<b>76,702</b>	<b>11,188,895</b>

\* Financial assets at fair value through profit or loss and at other comprehensive income exclude unquoted fund and investments in unquoted equity securities, respectively.

\*\* Financing and advances is arrived at after deducting allowances for losses from the outstanding gross impaired financing.

\*\*\* Other assets exclude prepayments.

<b>Group</b>	<b>Up to</b>	<b>1 – 3</b>	<b>3 – 12</b>	<b>1 – 5</b>	<b>Over 5</b>	<b>Non profit</b>	<b>Trading</b>	<b>Total</b>
<b>2025</b>	<b>1 month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>bearing</b>	<b>book</b>	<b>BS'000</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
<b>Liabilities</b>								
Deposits from customers	(6,469,315)	(648,273)	(1,398,571)	(105,794)	(107)	-	-	(8,622,060)
Deposits from banks and other financial institutions	(61,851)	(28,336)	(135,779)	(33,250)	-	-	-	(259,216)
Derivative financial liabilities	-	-	-	-	-	-	(18,988)	(18,988)
Placements from other financial institutions	(172,649)	(360,583)	(32,738)	-	-	-	-	(565,970)
Other liabilities	-	-	-	-	-	(429,195)	-	(429,195)
<b>Total</b>	<b>(6,703,815)</b>	<b>(1,037,192)</b>	<b>(1,567,088)</b>	<b>(139,044)</b>	<b>(107)</b>	<b>(429,195)</b>	<b>(18,988)</b>	<b>(9,895,429)</b>
Recognised assets profit sensitivity gap	(4,245,520)	(363,814)	(560,826)	3,464,311	2,413,019	528,582	57,714	1,293,466
Unrecognised financial instruments profit sensitivity gap	-	-	-	-	-	(1,248,595)	-	(1,248,595)
<b>Total profit sensitivity gap</b>	<b>(4,245,520)</b>	<b>(363,814)</b>	<b>(560,826)</b>	<b>3,464,311</b>	<b>2,413,019</b>	<b>(720,013)</b>	<b>57,714</b>	<b>44,871</b>

<b>Group</b>	<b>Up to</b>	<b>1 – 3</b>	<b>3 – 12</b>	<b>1 – 5</b>	<b>Over 5</b>	<b>Non profit</b>	<b>Trading</b>	<b>Total</b>
<b>2024</b>	<b>1 month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>bearing</b>	<b>book</b>	<b>BS'000</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
<b>Assets</b>								
Cash and cash equivalents	1,997,671	129,068	-	-	-	165,782	-	2,292,521
Balances with Brunei Darussalam Central Bank	-	-	-	-	-	553,536	-	553,536
Placements with and financing and advances to banks	56,233	443,094	325,656	-	-	-	-	824,983
Government sukuks	-	-	9,358	-	-	-	-	9,358
Investments at amortised cost	-	6,641	25,528	50,694	-	-	-	82,863
Investments at fair value through profit or loss *	-	-	-	-	-	-	86,540	86,540
Investments at fair value through other comprehensive income *	52,580	120,094	235,477	901,472	19,553	-	-	1,329,176
Derivative financial assets	-	-	-	-	-	-	12,014	12,014
Financing and advances **	178,206	751,897	256,781	2,177,273	2,084,104	-	-	5,448,261
Other assets ***	-	-	-	-	-	406,597	-	406,597
<b>Total</b>	<b>2,284,690</b>	<b>1,450,794</b>	<b>852,800</b>	<b>3,129,439</b>	<b>2,103,657</b>	<b>1,125,915</b>	<b>98,554</b>	<b>11,045,849</b>

\* Financial assets at fair value through profit or loss and at other comprehensive income exclude unquoted fund and investments in unquoted equity securities, respectively.

\*\* Financing and advances is arrived at after deducting allowances for losses from the outstanding gross impaired financing.

\*\*\* Other assets exclude prepayments.

<b>Group</b>	<b>Up to 1 month B\$'000</b>	<b>1 – 3 months B\$'000</b>	<b>3 – 12 months B\$'000</b>	<b>1 – 5 years B\$'000</b>	<b>Over 5 years B\$'000</b>	<b>Non profit bearing B\$'000</b>	<b>Trading book B\$'000</b>	<b>Total B\$'000</b>
<b>2024</b>								
<b>Liabilities</b>								
Deposits from customers	(5,924,335)	(559,036)	(1,780,796)	(66,701)	(1,510)	-	-	(8,332,378)
Deposits from banks and other financial institutions	(47,580)	(62,447)	(144,363)	(34,000)	-	-	-	(288,390)
Derivative financial liabilities	-	-	-	-	-	-	(65,201)	(65,201)
Placements from other financial institutions	(3,789)	(444,164)	(154,809)	-	-	-	-	(602,762)
Other liabilities	-	-	-	-	-	(507,471)	-	(507,471)
<b>Total</b>	<b>(5,975,704)</b>	<b>(1,065,647)</b>	<b>(2,079,968)</b>	<b>(100,701)</b>	<b>(1,510)</b>	<b>(507,471)</b>	<b>(65,201)</b>	<b>(9,796,202)</b>
Recognised assets profit sensitivity gap	(3,691,014)	385,147	(1,227,168)	3,028,738	2,102,147	618,444	33,353	1,249,647
Unrecognised financial instruments profit sensitivity gap	-	-	-	-	-	(1,130,112)	-	(1,130,112)
<b>Total profit sensitivity gap</b>	<b>(3,691,014)</b>	<b>385,147</b>	<b>(1,227,168)</b>	<b>3,028,738</b>	<b>2,102,147</b>	<b>(511,668)</b>	<b>33,353</b>	<b>119,535</b>

	<b>Up to 1 month B\$'000</b>	<b>1 – 3 months B\$'000</b>	<b>3 – 12 months B\$'000</b>	<b>1 – 5 years B\$'000</b>	<b>Over 5 years B\$'000</b>	<b>Non profit bearing B\$'000</b>	<b>Trading book B\$'000</b>	<b>Total B\$'000</b>
<b>Bank 2025</b>								
<b>Assets</b>								
Cash and cash equivalents	2,238,465	18,258	-	-	-	139,023	-	2,395,746
Balances with Brunei Darussalam Central Bank	-	-	-	-	-	447,507	-	447,507
Placements with and financing and advances to banks	-	277,848	1,142,222	-	-	-	-	1,420,070
Government sukuks	12,361	-	9,908	-	-	-	-	22,269
Investments at amortised cost	-	-	-	47,982	-	-	-	47,982
Investments at fair value through profit or loss *	-	-	-	-	-	-	57,288	57,288
Investments at fair value through other comprehensive income *	60,867	36,235	78,493	1,035,297	77,464	-	-	1,288,356
Derivative financial assets	-	-	-	-	-	-	19,414	19,414
Financing and advances **	149,850	340,274	625,173	2,071,852	1,780,586	-	-	4,967,735
Other assets ***	-	-	-	-	-	315,214	-	315,214
<b>Total</b>	<b>2,461,543</b>	<b>672,615</b>	<b>1,855,796</b>	<b>3,155,131</b>	<b>1,858,050</b>	<b>901,744</b>	<b>76,702</b>	<b>10,981,581</b>

\* Financial assets at fair value through profit or loss and at other comprehensive income exclude unquoted fund and investments in unquoted equity securities, respectively.

\*\* Financing and advances is arrived at after deducting allowances for losses from the outstanding gross impaired financing.

\*\*\* Other assets exclude prepayments.

	<b>Up to 1 month B\$'000</b>	<b>1 – 3 months B\$'000</b>	<b>3 – 12 months B\$'000</b>	<b>1 – 5 years B\$'000</b>	<b>Over 5 years B\$'000</b>	<b>Non profit bearing B\$'000</b>	<b>Trading book B\$'000</b>	<b>Total B\$'000</b>
<b>Bank 2025</b>								
<b>Liabilities</b>								
Deposits from customers	(6,433,664)	(644,913)	(1,383,896)	(94,595)	-	-	-	(8,557,068)
Deposits and placements of banks and other financial institutions	(65,307)	(28,336)	(149,983)	(33,250)	-	-	-	(276,876)
Derivative financial liabilities	-	-	-	-	-	-	(18,988)	(18,988)
Placements from other financial institutions	(172,649)	(360,583)	(32,738)	-	-	-	-	(565,970)
Other liabilities	-	-	-	-	-	(424,208)	-	(424,208)
<b>Total</b>	<b>(6,671,620)</b>	<b>(1,033,832)</b>	<b>(1,566,617)</b>	<b>(127,845)</b>	<b>-</b>	<b>(424,208)</b>	<b>(18,988)</b>	<b>(9,843,110)</b>
Recognised assets profit sensitivity gap	(4,210,077)	(361,217)	289,179	3,027,286	1,858,050	477,536	57,714	1,138,471
Unrecognised financial instruments profit sensitivity gap	-	-	-	-	-	(1,248,595)	-	(1,248,595)
<b>Total profit sensitivity gap</b>	<b>(4,210,077)</b>	<b>(361,217)</b>	<b>289,179</b>	<b>3,027,286</b>	<b>1,858,050</b>	<b>(771,059)</b>	<b>57,714</b>	<b>(110,124)</b>

	<b>Up to 1 month B\$'000</b>	<b>1 – 3 months B\$'000</b>	<b>3 – 12 months B\$'000</b>	<b>1 – 5 years B\$'000</b>	<b>Over 5 years B\$'000</b>	<b>Non profit bearing B\$'000</b>	<b>Trading book B\$'000</b>	<b>Total B\$'000</b>
<b>Bank 2024</b>								
<b>Assets</b>								
Cash and cash equivalents	2,000,025	129,068	-	-	-	165,307	-	2,294,400
Balances with Brunei Darussalam Central Bank	-	-	-	-	-	505,827	-	505,827
Placements with and financing and advances to banks	56,233	443,094	1,071,655	-	-	-	-	1,570,982
Government sukuku	-	-	9,358	-	-	-	-	9,358
Investments at amortised cost	-	6,641	25,528	50,694	-	-	-	82,863
Investments at fair value through profit or loss *	-	-	-	-	-	-	86,540	86,540
Investments at fair value through other comprehensive income *	52,580	120,094	235,477	901,472	19,553	-	-	1,329,176
Derivative financial assets	-	-	-	-	-	-	12,014	12,014
Financing and advances **	178,206	751,140	233,528	1,804,471	1,582,085	-	-	4,549,430
Other assets ***	-	-	-	-	-	434,569	-	434,569
<b>Total</b>	<b>2,287,044</b>	<b>1,450,037</b>	<b>1,575,546</b>	<b>2,756,637</b>	<b>1,601,638</b>	<b>1,105,703</b>	<b>98,554</b>	<b>10,875,159</b>

\* Financial assets at fair value through profit or loss and at other comprehensive income exclude unquoted fund and investments in unquoted equity securities, respectively.

\*\* Financing and advances is arrived at after deducting allowances for losses from the outstanding gross impaired financing.

\*\*\* Other assets exclude prepayments.

	<b>Up to 1 month B\$'000</b>	<b>1 – 3 months B\$'000</b>	<b>3 – 12 months B\$'000</b>	<b>1 – 5 years B\$'000</b>	<b>Over 5 years B\$'000</b>	<b>Non profit bearing B\$'000</b>	<b>Trading book B\$'000</b>	<b>Total B\$'000</b>
<b>Bank 2024</b>								
<b>Liabilities</b>								
Deposits from customers	(5,896,000)	(555,974)	(1,758,924)	(57,567)	-	-	-	(8,268,465)
Deposits and placements of banks and other financial institutions	(59,564)	(87,450)	(163,509)	(21,800)	-	-	-	(332,323)
Derivative financial liabilities	-	-	-	-	-	-	(65,201)	(65,201)
Placements from other financial institutions	(3,789)	(444,164)	(154,809)	-	-	-	-	(602,762)
Other liabilities	-	-	-	-	-	(501,254)	-	(501,254)
<b>Total</b>	<b>(5,959,353)</b>	<b>(1,087,588)</b>	<b>(2,077,242)</b>	<b>(79,367)</b>	<b>-</b>	<b>(501,254)</b>	<b>(65,201)</b>	<b>(9,770,005)</b>
Recognised assets profit sensitivity gap	(3,672,309)	362,449	(501,696)	2,677,270	1,601,638	604,449	33,353	1,105,154
Unrecognised financial instruments profit sensitivity gap	-	-	-	-	-	(1,130,112)	-	(1,130,112)
<b>Total profit sensitivity gap</b>	<b>(3,672,309)</b>	<b>362,449</b>	<b>(501,696)</b>	<b>2,677,270</b>	<b>1,601,638</b>	<b>(525,663)</b>	<b>33,353</b>	<b>(24,958)</b>

**Profit sensitivity analysis for variable rate instruments:**

A change of 100, 300 and 800 basis points (“bp”) in yield rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Group and Bank	Profit or loss / Equity					
	100 bp increase	100 bp decrease	300 bp increase	300 bp decrease	800 bp increase	800 bp decrease
	BS'000	BS'000	BS'000	BS'000	BS'000	BS'000
<b>2025</b>						
Variable rate instruments	6,032	(6,032)	18,097	(18,097)	48,258	(48,258)
<b>2024</b>						
Variable rate instruments	4,674	(4,674)	14,021	(14,021)	37,388	(37,388)

**(ii) Foreign exchange risk of the Bank**

**Trading positions**

The Bank controls the foreign exchange risk within the trading portfolio by limiting the open exposure to individual currencies, and on an aggregate basis.

**Overall (trading and non-trading positions)**

To mitigate the risk of loss due to foreign currency rate changes, the Bank will match its positions as closely as possible.

Trading is always conducted to ensure that internal set limits are adhered to.

Positions are analysed on a daily basis, whereby a currency risk report is produced for the Managing Director and the Chief Risk Officer on a daily basis and for the Board of Directors at the end of each quarter.

**Foreign exchange risk of the subsidiaries**

The subsidiaries’ nature of business does not maintain any trading positions and does not have significant exposure to foreign exchange risk.

## Exposure to foreign exchange risk

As at the reporting date, net currency exposures arising from the Group's major trading currencies were as follows:

	-----Group and Bank-----			
	USD BS'000	EUR BS'000	GBP BS'000	Others BS'000
<b>2025</b>				
<b>Assets</b>				
Cash and short term funds	1,155,280	4,902	176,240	7,138
Placements with and financing and advances to banks	489,392	19,675	62,134	-
Investments	1,393,683	447	-	-
Investments in associate	25,677	-	-	-
Financing and advances	951,911	-	684,592	-
Others	286,346	-	6,704	-
<b>Total</b>	<b>4,302,289</b>	<b>25,024</b>	<b>929,670</b>	<b>7,138</b>
<b>Liabilities and Equities</b>				
Deposits from customers	(1,650,462)	(24,454)	(448,094)	(6,346)
Deposits from banks and other financial institutions	(17,459)	(265)	(318)	-
Placements from other financial institutions	(565,970)	-	-	-
Others	(280,864)	(188)	(4,100)	(18)
<b>Total</b>	<b>(2,514,755)</b>	<b>(24,907)</b>	<b>(452,512)</b>	<b>(6,364)</b>
<b>Net foreign exchange exposure</b>	<b>1,787,534</b>	<b>117</b>	<b>477,158</b>	<b>774</b>
Effect of use of derivatives	(1,788,030)	8	(476,878)	52
<b>Net exposure</b>	<b>(496)</b>	<b>125</b>	<b>280</b>	<b>826</b>
<b>2024</b>				
<b>Assets</b>				
Cash and short term funds	2,004,139	5,831	116,638	8,766
Placements with and financing and advances to banks	757,957	7,779	61,205	-
Investments	1,498,652	418	-	-
Investments in associate	27,123	-	-	-
Financing and advances	829,671	-	542,659	-
Others	381,747	175	4,934	-
<b>Total</b>	<b>5,499,289</b>	<b>14,203</b>	<b>725,436</b>	<b>8,766</b>

2024	-----Group and Bank-----			
	USD BS'000	EUR BS'000	GBP BS'000	Others BS'000
<b>Liabilities</b>				
Deposits from customers	(1,507,360)	(14,432)	(364,083)	(8,120)
Deposits from banks and other financial institutions	(12,639)	-	(1)	(5)
Placements from other financial institutions	(602,762)	-	-	-
Others	(321,931)	(180)	(3,644)	(18)
<b>Total</b>	<b>(2,444,692)</b>	<b>(14,612)</b>	<b>(367,728)</b>	<b>(8,143)</b>
<b>Net foreign exchange exposure</b>	<b>3,054,597</b>	<b>(409)</b>	<b>357,708</b>	<b>623</b>
Effect of use of derivatives	(3,054,738)	566	(357,401)	-
<b>Net exposure</b>	<b>(141)</b>	<b>157</b>	<b>307</b>	<b>623</b>

### Sensitivity analysis

Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Group and Bank as at the reporting date is summarised as follows:

	Profit or loss / Equity			
	2025		2024	
	-1% depreciation BS'000	+1% appreciation BS'000	-1% depreciation BS'000	+1% appreciation BS'000
<b>Group and Bank</b>				
USD	5	(5)	1	(1)
EUR	(1)	1	(2)	2
GBP	(3)	3	(3)	3
Others	(8)	8	(6)	6
<b>Total</b>	<b>(7)</b>	<b>7</b>	<b>(10)</b>	<b>10</b>

### (iii) Equity price risk

The Group is exposed to equity price risk on its equity investments which are carried at fair value through profit or loss and through other comprehensive income.

For a 10% increase in the value of equity securities, the impact on profit or loss of the Group and the Bank would have been an increase of B\$122,000 and B\$122,000 respectively (2024: B\$122,000 and B\$122,000 respectively). A 10% decrease in the value of the equity securities would have an equal and opposite effect on the profit or loss of the Group and the Bank.

For a 10% increase in the value of equity securities, the impact on fair value reserve of the Group and the Bank would have been an increase of B\$45,000 and B\$45,000 respectively (2024: B\$42,000 and B\$42,000 respectively). A 10% decrease in the value of the equity securities would have an equal and opposite effect on the fair value reserve of the Group and the Bank.

### **(c) Liquidity risk**

#### **Overview of the Group's liquidity risk**

The Group's exposure to liquidity risk arises when there is a possibility of the Group not having sufficient funds to meet its obligations from its financial liabilities.

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

In addition, the Bank and one of its subsidiaries have to comply with Section 45(1) of the Islamic Banking Act, Chapter 168 and section 13A of the Finance Companies Act, Chapter 89 respectively to maintain minimum cash balances with the BDCB. The Bank and the subsidiary were in compliance with these requirements during the year ended 31 December 2025.

#### **Management of liquidity and funding risk**

The Bank has in place a robust liquidity risk framework to manage and monitor its liquidity position in accordance with the qualitative and quantitative requirements issued by BDCB. The liquidity and funding risks are under the purview of ALCO, whereby ALCO meets on a monthly basis with focus among others on liquidity risk management.

#### **Overview of the subsidiary's liquidity risk**

Liquidity risk is the risk that the subsidiary will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The subsidiary's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the subsidiary's reputation.

#### **Management of liquidity risk**

Liquidity risk is managed in accordance with the subsidiary's liquidity needs through, in large part, receipt of placements from the Bank, in addition to the receipt of deposits from other financial institutions and retail depositors. This will ensure that liquidity risk is monitored and managed in a manner that ensures sufficient funds are available over a range of market conditions.

### Maturity analysis

The table below summarises the Group's and Bank's assets and liabilities based on remaining contractual maturities. The expected cash flows of these assets and liabilities could vary significantly from what is shown in the table. For example, deposits from customers are not all expected to be withdrawn immediately.

	Carrying amount BS'000	Gross nominal inflow/ (outflow) BS'000	Less than 3 months BS'000	3 – 6 months BS'000	6 – 12 months BS'000	1 – 3 years BS'000	3 – 5 years BS'000	Over 5 years BS'000	No specific maturity BS'000
<b>Group</b>									
<b>2025</b>									
<b>Assets</b>									
Cash, balances and placements with banks	2,392,926	2,394,076	2,394,076	-	-	-	-	-	-
Balances with Brunei Darussalam Central Bank	502,342	502,342	406,102	36,616	50,949	8,669	-	6	-
Placements with and financing and advances to banks	559,048	565,554	279,984	264,471	21,099	-	-	-	-
Government sukuks	22,269	21,374	11,374	-	10,000	-	-	-	-
Investments *	1,393,626	1,581,223	113,653	89,023	56,858	524,288	704,556	92,845	-
Derivative financial assets	19,414	13,904	13,702	202	-	-	-	-	-
Financing and advances	5,983,263	6,618,157	1,128,517	524,986	788,425	1,869,772	698,027	1,608,430	-
Other assets **	316,007	316,007	289,910	9,568	13,062	1,006	664	1,797	-
<b>Total</b>	<b>11,188,895</b>	<b>12,012,637</b>	<b>4,637,318</b>	<b>924,866</b>	<b>940,393</b>	<b>2,403,735</b>	<b>1,403,247</b>	<b>1,703,078</b>	<b>-</b>

\* Investments exclude unquoted equity security and unquoted fund.

\*\* Other assets exclude prepayments.

	<b>Carrying amount BS'000</b>	<b>Gross nominal inflow/ (outflow) BS'000</b>	<b>Less than 3 months BS'000</b>	<b>3 – 6 months BS'000</b>	<b>6 – 12 months BS'000</b>	<b>1 – 3 years BS'000</b>	<b>3 – 5 years BS'000</b>	<b>Over 5 years BS'000</b>	<b>No specific maturity BS'000</b>
<b>Group</b>									
<b>2025</b>									
<b>Liabilities</b>									
Deposits from customers	(8,622,060)	(8,661,726)	(7,127,646)	(572,070)	(852,349)	(109,548)	-	(113)	-
Deposits and placements of banks and other financial institutions	(259,216)	(377,825)	(180,065)	(86,837)	(64,476)	(46,447)	-	-	-
Derivative financial liabilities	(18,988)	(18,911)	(18,911)	-	-	-	-	-	-
Placements from other financial institutions	(565,970)	(565,970)	(353,294)	(179,938)	(32,738)	-	-	-	-
Other liabilities	(391,148)	(391,147)	(319,971)	(25,563)	(13,813)	(13,864)	(7,783)	(10,153)	-
Lease liabilities	(38,047)	(38,047)	(1,343)	-	(347)	(1,866)	(1,529)	(32,962)	-
<b>Total</b>	<b>(9,895,429)</b>	<b>(10,053,626)</b>	<b>(8,001,230)</b>	<b>(864,408)</b>	<b>(963,723)</b>	<b>(171,725)</b>	<b>(9,312)</b>	<b>(43,228)</b>	<b>-</b>
Recognised assets net liquidity gap	1,293,466	1,959,011	(3,363,912)	60,458	(23,330)	2,232,010	1,393,935	1,659,850	-
Commitments and contingencies	(1,248,595)	(1,248,595)	(1,248,595)	-	-	-	-	-	-
<b>Net liquidity gap</b>	<b>44,871</b>	<b>710,416</b>	<b>(4,612,507)</b>	<b>60,458</b>	<b>(23,330)</b>	<b>2,232,010</b>	<b>1,393,935</b>	<b>1,659,850</b>	<b>-</b>

	Carrying amount B\$'000	Gross nominal inflow/ (outflow) B\$'000	Less than 3 months B\$'000	3 – 6 months B\$'000	6 – 12 months B\$'000	1 – 3 years B\$'000	3 – 5 years B\$'000	Over 5 years B\$'000	No specific maturity B\$'000
<b>Group</b>									
<b>2024</b>									
<b>Assets</b>									
Cash, balances and placements with banks	2,292,521	2,294,639	2,294,639	-	-	-	-	-	-
Balances with Brunei Darussalam Central Bank	553,536	553,535	423,766	44,827	78,170	6,661	-	111	-
Placements with and financing and advances to banks	824,983	906,392	503,190	328,079	75,123	-	-	-	-
Government sukuku	9,358	9,500	-	5,000	4,500	-	-	-	-
Investments *	1,498,579	1,674,348	193,251	39,359	291,297	548,649	580,736	21,056	-
Derivative financial assets	12,014	12,875	9,236	2,056	1,128	455	-	-	-
Financing and advances	5,448,261	6,090,470	1,324,451	306,662	532,102	1,771,315	662,250	1,493,690	-
Other assets **	406,597	406,597	381,292	2,210	4,487	16,366	516	1,726	-
<b>Total</b>	<b>11,045,849</b>	<b>11,948,356</b>	<b>5,129,825</b>	<b>728,193</b>	<b>986,807</b>	<b>2,343,446</b>	<b>1,243,502</b>	<b>1,516,583</b>	<b>-</b>

\* Investments exclude unquoted equity security and unquoted fund.

\*\* Other assets exclude prepayments.

	<b>Carrying amount BS'000</b>	<b>Gross nominal inflow/ (outflow) BS'000</b>	<b>Less than 3 months BS'000</b>	<b>3 – 6 months BS'000</b>	<b>6 – 12 months BS'000</b>	<b>1 – 3 years BS'000</b>	<b>3 – 5 years BS'000</b>	<b>Over 5 years BS'000</b>	<b>No specific maturity BS'000</b>
<b>Group</b>									
<b>2024</b>									
<b>Liabilities</b>									
Deposits from customers	(8,332,378)	(8,390,761)	(6,501,879)	(667,167)	(1,150,588)	(69,379)	-	(1,748)	-
Deposits and placements of banks and other financial institutions	(288,390)	(313,122)	(161,486)	(37,703)	(78,568)	(35,365)	-	-	-
Derivative financial liabilities	(65,201)	(70,125)	(67,654)	(1,823)	(648)	-	-	-	-
Placements from other financial institutions	(602,762)	(602,762)	(447,952)	(98,557)	(56,253)	-	-	-	-
Other liabilities	(469,584)	(471,936)	(404,223)	(8,062)	(11,507)	(14,305)	(8,074)	(25,765)	-
Lease liabilities	(37,887)	(37,887)	(1,531)	(73)	(124)	(1,062)	(1,761)	(33,336)	-
<b>Total</b>	<b>(9,796,202)</b>	<b>(9,886,593)</b>	<b>(7,584,725)</b>	<b>(813,385)</b>	<b>(1,297,688)</b>	<b>(120,111)</b>	<b>(9,835)</b>	<b>(60,849)</b>	<b>-</b>
Recognised assets net liquidity gap	1,249,647	2,061,763	(2,454,900)	(85,192)	(310,881)	2,223,335	1,233,667	1,455,734	-
Commitments and contingencies	(1,130,112)	(1,130,112)	(1,130,112)	-	-	-	-	-	-
<b>Net liquidity gap</b>	<b>119,535</b>	<b>931,651</b>	<b>(3,585,012)</b>	<b>(85,192)</b>	<b>(310,881)</b>	<b>2,223,335</b>	<b>1,233,667</b>	<b>1,455,734</b>	<b>-</b>

	<b>Carrying amount BS'000</b>	<b>Gross nominal inflow/ (outflow) BS'000</b>	<b>Less than 3 months BS'000</b>	<b>3 – 6 months BS'000</b>	<b>6 – 12 months BS'000</b>	<b>1 – 3 years BS'000</b>	<b>3 – 5 years BS'000</b>	<b>Over 5 years BS'000</b>	<b>No specific maturity BS'000</b>
<b>Bank</b>									
<b>2025</b>									
<b>Assets</b>									
Cash and cash equivalents	2,395,746	2,396,998	2,396,998	-	-	-	-	-	-
Balances with Brunei Darussalam Central Bank	447,507	447,507	362,170	32,891	45,808	6,638	-	-	-
Placements with and financing and advances to banks	1,420,070	1,435,586	279,984	435,138	720,464	-	-	-	-
Government sukuks	22,269	21,374	11,374	-	10,000	-	-	-	-
Investments *	1,393,626	1,581,223	113,653	89,023	56,858	524,288	704,556	92,845	-
Derivative financial assets	19,414	13,904	13,702	202	-	-	-	-	-
Financing and advances	4,967,735	5,598,220	1,126,277	524,986	776,719	1,419,968	698,027	1,052,243	-
Other assets **	315,214	315,214	289,390	9,568	12,891	915	664	1,786	-
<b>Total</b>	<b>10,981,581</b>	<b>11,810,026</b>	<b>4,593,548</b>	<b>1,091,808</b>	<b>1,622,740</b>	<b>1,951,809</b>	<b>1,403,247</b>	<b>1,146,874</b>	<b>-</b>

\* Investments exclude unquoted equity security and unquoted fund.

\*\* Other assets exclude prepayments.

	<b>Carrying amount BS'000</b>	<b>Gross nominal inflow/ (outflow) BS'000</b>	<b>Less than 3 months BS'000</b>	<b>3 – 6 months BS'000</b>	<b>6 – 12 months BS'000</b>	<b>1 – 3 years BS'000</b>	<b>3 – 5 years BS'000</b>	<b>Over 5 years BS'000</b>	<b>No specific maturity BS'000</b>
<b>Bank</b>									
<b>2025</b>									
<b>Liabilities</b>									
Deposits from customers	(8,557,068)	(8,595,825)	(7,088,547)	(565,445)	(843,977)	(97,856)	-	-	-
Deposits from banks and other financial institutions	(276,876)	(278,964)	(93,863)	(86,837)	(64,476)	(33,788)	-	-	-
Derivative financial liabilities	(18,988)	(18,911)	(18,911)	-	-	-	-	-	-
Placements from other financial institutions	(565,970)	(565,970)	(353,294)	(179,938)	(32,738)	-	-	-	-
Other liabilities	(389,005)	(389,005)	(317,827)	(25,564)	(13,814)	(13,864)	(7,783)	(10,153)	-
Lease liabilities	(35,203)	(35,203)	-	-	(347)	(1,054)	(1,529)	(32,273)	-
<b>Total</b>	<b>(9,843,110)</b>	<b>(9,883,878)</b>	<b>(7,872,442)</b>	<b>(857,784)</b>	<b>(955,352)</b>	<b>(146,562)</b>	<b>(9,312)</b>	<b>(42,426)</b>	<b>-</b>
Recognised assets net liquidity gap	1,138,471	1,926,148	(3,278,894)	234,024	667,388	1,805,247	1,393,935	1,104,448	-
Commitments and contingencies	(1,248,595)	(1,248,595)	(1,248,595)	-	-	-	-	-	-
<b>Net liquidity gap</b>	<b>(110,124)</b>	<b>677,553</b>	<b>(4,527,489)</b>	<b>234,024</b>	<b>667,388</b>	<b>1,805,247</b>	<b>1,393,935</b>	<b>1,104,448</b>	<b>-</b>

	<b>Carrying amount BS'000</b>	<b>Gross nominal inflow/ (outflow) BS'000</b>	<b>Less than 3 months BS'000</b>	<b>3 – 6 months BS'000</b>	<b>6 – 12 months BS'000</b>	<b>1 – 3 years BS'000</b>	<b>3 – 5 years BS'000</b>	<b>Over 5 years BS'000</b>	<b>No specific maturity BS'000</b>
<b>Bank</b>									
<b>2024</b>									
<b>Assets</b>									
Cash and cash equivalents	2,294,400	2,296,518	2,296,518	-	-	-	-	-	-
Balances with Brunei Darussalam Central Bank	505,827	505,827	386,117	42,563	72,309	4,838	-	-	-
Placements with and financing and advances to banks	1,570,982	1,599,718	503,190	328,099	768,429	-	-	-	-
Government sukuks	9,358	9,500	-	5,000	4,500	-	-	-	-
Investments *	1,498,579	1,674,348	193,251	39,359	291,297	548,649	580,736	21,056	-
Derivative financial assets	12,014	12,875	9,236	2,056	1,128	455	-	-	-
Financing and advances	4,549,430	5,187,542	1,322,734	306,662	508,314	1,396,732	662,250	990,850	-
Other assets **	434,569	434,569	409,264	2,210	4,487	16,366	516	1,726	-
<b>Total</b>	<b>10,875,159</b>	<b>11,720,897</b>	<b>5,120,310</b>	<b>725,949</b>	<b>1,650,464</b>	<b>1,967,040</b>	<b>1,243,502</b>	<b>1,013,632</b>	<b>-</b>

\* Investments exclude unquoted equity security and unquoted fund.

\*\* Other assets exclude prepayments.

	<b>Carrying amount BS'000</b>	<b>Gross nominal inflow/ (outflow) BS'000</b>	<b>Less than 3 months BS'000</b>	<b>3 – 6 months BS'000</b>	<b>6 – 12 months BS'000</b>	<b>1 – 3 years BS'000</b>	<b>3 – 5 years BS'000</b>	<b>Over 5 years BS'000</b>	<b>No specific maturity BS'000</b>
<b>Bank</b>									
<b>2024</b>									
<b>Liabilities</b>									
Deposits from customers	(8,268,465)	(8,325,757)	(6,464,156)	(661,182)	(1,140,267)	(60,152)	-	-	-
Deposits from banks and other financial institutions	(332,323)	(336,468)	(148,045)	(67,703)	(98,014)	(22,706)	-	-	-
Derivative financial liabilities	(65,201)	(70,125)	(67,654)	(1,823)	(648)	-	-	-	-
Placements from other financial institutions	(602,762)	(602,762)	(447,952)	(98,557)	(56,253)	-	-	-	-
Other liabilities	(464,896)	(465,104)	(397,391)	(8,062)	(11,507)	(14,305)	(8,074)	(25,765)	-
Lease liabilities	(36,358)	(36,358)	(2)	(73)	(124)	(1,062)	(1,761)	(33,336)	-
<b>Total</b>	<b>(9,770,005)</b>	<b>(9,836,574)</b>	<b>(7,525,200)</b>	<b>(837,400)</b>	<b>(1,306,813)</b>	<b>(98,225)</b>	<b>(9,835)</b>	<b>(59,101)</b>	<b>-</b>
Recognised assets net liquidity gap	1,105,154	1,884,323	(2,404,890)	(111,451)	343,651	1,868,815	1,233,667	954,531	-
Commitments and contingencies	(1,130,112)	(1,130,112)	(1,130,112)	-	-	-	-	-	-
<b>Net liquidity gap</b>	<b>(24,958)</b>	<b>754,211</b>	<b>(3,535,002)</b>	<b>(111,451)</b>	<b>343,651</b>	<b>1,868,815</b>	<b>1,233,667</b>	<b>954,531</b>	<b>-</b>

## **(d) Operational Risk of the Group**

### **Overview of the Bank and a material subsidiary's operational risk**

Operational risk is the potential for loss resulting from events involving people, internal processes, systems or external events. A set of minimum control standards for operational risk management has been developed with the objective of ensuring that operational risks within the Group are identified and managed in a structured and consistent manner.

### **Operational Risk Management Framework**

Operational risks can arise from all business lines and from all activities carried out by the Bank. Operational risks are systematically identified at the divisional level. Risk Coordinators are appointed from each division and are responsible for risk identification and risk management in all the identified risk areas. This includes maintaining an effective control environment arising from those activities as their first line of defence responsibilities.

Operational risk exposures can take various forms, and the Bank seeks to manage them in accordance with standards that drive systematic risk identification, assessment, control and monitoring. These standards are reviewed regularly to ensure their ongoing effectiveness. To support the systematic identification of material operational risk exposures associated with a given process, the Bank classifies them into the following risk types:

- People
- Process
- System
- External

Operational risk exposures are rated 'high', 'medium' or 'low' in accordance with defined risk assessment criteria. Risks that are outside set materiality thresholds receive a different level of management attention and are reported to Senior Management (Ad-Hoc Basis) and ERMC (Monthly Basis) and RCC (Quarterly Basis). Significant risk events or financial losses that have occurred are analysed to identify the root cause of any failure for remediation and future mitigation. Actual operational losses are recorded.

As the second line of defence, Operational Risk Management ("ORM") unit of the Risk Management Division is responsible for setting and maintaining the standards for operational risk management and control. ORM also creates awareness of possible risk issues in business units and provides risk awareness training and workshops.

The ERMC oversees the management of operational risks across the Bank, supported by all business unit heads. The ERMC operates on the basis of terms of reference derived from the Operational Risk Management mandate/framework which is approved by the Head of Divisions.

## **Overview of a material subsidiary's operational risk**

Operational risk is the potential for loss resulting from events involving people, internal processes, systems or external events. A set of minimum control standards for operational risk management has been developed with the objective of ensuring that operational risks within the subsidiary are identified and managed in a structured and consistent manner.

### **(a) ORIC committee**

The subsidiary's board, through the Operational Risk and Internal Controls Committee ("ORIC"), is responsible for the ongoing monitoring of operational risks and the development, implementation and monitoring of established internal controls to address the operational risks, by monitoring identified key risk indicators, measuring board approved risk appetite limit against near-miss, potential loss and actual-loss events, monitoring of identified early warning signals indicators and operational risk incident reports. The committee is also responsible to ensure timely closures of audit points raised by internal and external auditors.

### **(b) Risk controls self-assessment**

All divisions within the subsidiary maintain internal control arrangements comprising the Internal Controls Framework ("ICF"), approved policies, operating manuals, procedures and other governance documents. These collectively establish control standards, segregation of duties, reconciliation processes and monitoring mechanisms. Divisions are responsible for maintaining the effectiveness and relevance of these control arrangements on an ongoing basis which includes but not limited to updates arising from audit findings, regulatory developments, control enhancements and process changes. As part of the Risk and Control Self Assessment ("RCSA") process, departments formally assess compliance with applicable control requirements, identify control gaps and report findings to ORIC. The ICF and related governance documents are reviewed periodically and at least annually.

## **36 Fair value of financial assets and liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The information presented herein represents the estimates of fair values as at the reporting date.

Quoted and observable market prices, where available, are used as the measure of fair values of the financial instruments. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors.

Fair value information for non-financial assets and liabilities are excluded from this note as they do not fall within the scope of IFRS 13: *Fair Value Measurements* which requires the fair value information to be disclosed. These include investments in subsidiaries and property and equipment.

The fair value of the Group's and the Bank's financial instruments such as cash and short-term funds, balances with BDCB, deposits and placements with banks and other financial institutions, deposits from customers and banks, government sukuks, other assets, other liabilities and short-term borrowings are not materially sensitive to shifts in market yield rates because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities at the reporting date approximate their fair values.

The fair values are based on the following methodologies and assumptions:

### **Investments**

The estimated fair values are generally based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been estimated by reference to market indicative yields or net tangible asset of the investee.

### **Financing and advances**

The fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of financing with similar credit risks and maturities.

### **Derivatives**

The fair values of derivatives are obtained based on quoted rates of similar instruments at the reporting date.

## **Fair value hierarchy**

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. The fair value hierarchy is as follows:

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – Inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<b>Carrying amounts</b>				<b>Fair values</b>			
	<b>FVOCI - equity and debt instrument BS'000</b>	<b>Mandatorily at FVTPL BS'000</b>	<b>Amortised cost BS'000</b>	<b>Total BS'000</b>	<b>Level 1 BS'000</b>	<b>Level 2 BS'000</b>	<b>Level 3 BS'000</b>	<b>Total BS'000</b>
<b>Group and Bank 2025</b>								
<b>Financial assets</b>								
Investments	1,288,803	58,511	47,982	1,395,296	1,336,814	57,288	1,669	1,395,771
Government sukuks	22,269	-	-	22,269	-	-	22,269	22,269
Forward exchange contracts	-	18,617	-	18,617	-	18,617	-	18,617
Derivative assets	-	797	-	797	-	797	-	797
	<u>1,311,072</u>	<u>77,925</u>	<u>47,982</u>	<u>1,436,979</u>	<u>1,336,814</u>	<u>76,702</u>	<u>23,938</u>	<u>1,437,454</u>
<b>Financial liabilities</b>								
Forward exchange contracts	<u>-</u>	<u>(18,988)</u>	<u>-</u>	<u>(18,988)</u>	<u>-</u>	<u>(18,988)</u>	<u>-</u>	<u>(18,988)</u>

	Carrying amounts				Fair values			
	FVOCI - equity and debt instrument B\$'000	Mandatorily at FVTPL B\$'000	Amortised cost B\$'000	Total B\$'000	Level 1 B\$'000	Level 2 B\$'000	Level 3 B\$'000	Total B\$'000
<b>Group and Bank 2024</b>								
<b>Financial assets</b>								
Investments	1,329,594	87,763	82,863	1,500,220	1,411,271	86,540	1,641	1,499,452
Government sukus	9,358	-	-	9,358	-	-	9,358	9,358
Forward exchange contracts	-	11,011	-	11,011	-	11,011	-	11,011
Derivative assets	-	1,003	-	1,003	-	1,003	-	1,003
	<u>1,338,952</u>	<u>99,777</u>	<u>82,863</u>	<u>1,521,592</u>	<u>1,411,271</u>	<u>98,554</u>	<u>10,999</u>	<u>1,520,824</u>
<b>Financial liabilities</b>								
Forward exchange contracts	-	(65,201)	-	(65,201)	-	(65,201)	-	(65,201)

***Valuation techniques and significant unobservable inputs***

The table below sets out information about valuation techniques and significant unobservable inputs used in estimating parameters of financial instruments categorised as Level 2 and 3 in the fair value hierarchy:

<b>Type of financial instrument</b>	<b>Classification</b>	<b>Level of the fair value hierarchy</b>	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
Structured notes	FVTPL	2	Issuer quoted prices (bid-ask) of the structured notes are sourced from Bloomberg on a daily basis.	-	Not applicable.
Forward exchange contracts	FVTPL	2	Quoted prices: Market prices are sourced from Bloomberg on a daily basis.	-	Not applicable.
Unquoted security	FVOCI	3	Net asset value: The unquoted security is re-allocated at least every three years. The present reallocation is based on the financial contribution to network-based services in 2017.	Net asset value	Not applicable.

Type of financial instrument	Classification	Level of the fair value hierarchy	Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Unquoted funds	FVTPL	3	Net asset value ("NAV"): This is derived by dividing the total value of all the cash and securities in a fund's portfolio, less any liabilities, by the number of shares outstanding. As the funds are not listed, the fair value of the investment in the fund is determined using valuation techniques. Methods used include estimating fair value with reference to recent arm's length transactions or the underlying net asset value of the company. This fund determined NAV of its investment in the fund based on the Net Tangible Assets ("NTA") method, which is the closest proxy to fair value. NTA is the value of all tangible assets after deducting all liabilities in a business.	Net asset value	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> <li>• the net asset value were higher (lower).</li> </ul>
Government sukus	FVOCI	3	Discounted cash flows: The fair value is estimated considering a net present value calculated using the price provided by Brunei Government upon the initiation of the Government sukus.	Yield curve and credit spreads	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> <li>• the expected cash flows were higher (lower); or</li> <li>• the risk-adjusted discount rate was lower (higher).</li> </ul>

There are limited inter-relationships between unobservable inputs as the financial instruments are usually categorised into Level 3 because of a single unobservable input.

In estimating significance, the Group performed sensitivity analysis based on methodologies applied for fair value adjustments. These adjustments reflect the values which the Group estimates to be appropriate to reflect uncertainties in the inputs used (e.g. based on stress testing methodologies on the unobservable input). The methodologies used can be statistical or based on other relevant approved techniques.

Management considers that any reasonably possible changes to the unobservable inputs will not result in a significant financial impact.

***Changes in Level 3 for financial instruments that are measured at fair value***

The following table presents the changes in Level 3 instruments for the Group and the Bank:

	<b>FVOCI BS'000</b>	<b>FVTPL BS'000</b>	<b>Total BS'000</b>
At 1 January 2025	9,776	1,223	10,999
Matured during the year	(160,747)	-	(160,747)
Purchased during the year	173,613	-	173,613
Distribution of capital	-	-	-
Fair value movements during the year	46	-	46
Foreign exchange gain	29	-	29
<b>At 31 December 2025</b>	<b>22,717</b>	<b>1,223</b>	<b>23,940</b>

	<b>FVOCI BS'000</b>	<b>FVTPL BS'000</b>	<b>Total BS'000</b>
At 1 January 2024	10,166	1,223	11,389
Matured during the year	(155,590)	-	(155,590)
Purchased during the year	154,964	-	154,964
Distribution of capital	(48)	-	(48)
Fair value movements during the year	294	-	294
Foreign exchange loss	(10)	-	(10)
<b>At 31 December 2024</b>	<b>9,776</b>	<b>1,223</b>	<b>10,999</b>

There were no transfers from Level 1 instruments to Level 2, and no transfers into or out of Level 3 instruments during the year ended 31 December 2025 (2024: Nil).

## 37 Leases

### A. Leases as lessee

The Group and Bank lease buildings and warehouse facilities. The buildings and warehouse leases were entered into many years ago as combined leases of land and buildings.

Information about leases which the Group and Bank are lessees is presented below.

#### i. *Right-of-use assets*

	<b>2025</b>	<b>2024</b>
	<b>Land and Building</b>	
	<b>BS'000</b>	<b>BS'000</b>
<b>Group</b>		
Balance at 1 January	38,420	37,127
Amortisation charged for the year	(3,420)	(3,360)
Additions to right-of-use assets	1,786	4,653
Termination of leases	(641)	-
<b>Balance at 31 December</b>	<b>36,145</b>	<b>38,420</b>

	<b>2025</b>	<b>2024</b>
	<b>Land and Building</b>	
	<b>BS'000</b>	<b>BS'000</b>
<b>Bank</b>		
Balance at 1 January	34,758	36,716
Amortisation charged for the year	(2,810)	(2,812)
Additions to right-of-use assets	1,723	854
Termination of leases	(641)	-
<b>Balance at 31 December</b>	<b>33,030</b>	<b>34,758</b>

#### ii. *Amounts recognised in profit or loss*

	<b>Group</b>	<b>Bank</b>
	<b>BS'000</b>	<b>BS'000</b>
<b>2025</b>		
Profit on lease liabilities	1,339	1,187
Expenses relating to lease of low-value assets, excluding short-term leases of low-value assets	142	45

	<b>Group BS'000</b>	<b>Bank BS'000</b>
<b>2024</b>		
Profit on lease liabilities	1,216	1,216
Expenses relating to lease of low-value assets, excluding short-term leases of low-value assets	44	44
	44	44

*iii. Amounts recognised in the statement of cash flows*

	<b>Group</b>	
	<b>2025 BS'000</b>	<b>2024 BS'000</b>
Total cash outflow for leases	(4,281)	(3,995)
	(4,281)	(3,995)

	<b>Bank</b>	
	<b>2025 BS'000</b>	<b>2024 BS'000</b>
Total cash outflow for leases	(3,400)	(3,401)
	(3,400)	(3,401)

**B. Leases as lessor**

The Group and Bank leases out some of its property. All leases are classified as operating leases from a lessor perspective.

***Operating lease***

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group and Bank during 2025 was B\$3,720,000 (2024: B\$2,436,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted leased payments to be received after the reporting date.

	<b>Group and Bank B\$'000</b>
<b>2025</b>	
Within one year	723
Between one and five years	1,194
<b>Total</b>	<b>1,917</b>

	<b>Group and Bank B\$'000</b>
<b>2024</b>	
Within one year	1,908
Between one and five years	1,808
<b>Total</b>	<b>3,716</b>

### 38 Non-current assets and liabilities

Assets and liabilities other than those disclosed below are current.

	<b>Group</b>		<b>Bank</b>	
	<b>2025 B\$'000</b>	<b>2024 B\$'000</b>	<b>2025 B\$'000</b>	<b>2024 B\$'000</b>
<b>Assets</b>				
Balances with Brunei Darussalam Central Bank	-	6,772	-	4,838
Investments	1,160,743	971,719	1,160,743	971,719
Financing and advances	4,855,738	4,261,377	3,852,438	3,386,556
Investments in subsidiaries	-	-	86,203	73,289
Investments in associates	59,013	58,610	32,757	34,203
Property and equipment	111,052	112,021	79,242	80,882
Investment property	18,385	19,445	18,385	19,445
Deferred tax assets	5,650	9,900	732	6,240
<b>Liabilities</b>				
Deposits from customers	105,901	68,211	94,595	57,567
Deposits from banks and other financial institutions	33,250	34,000	33,250	21,800
Other liabilities	68,773	84,303	67,271	84,303
Deferred tax liabilities	8,134	5,719	-	-

## 39 Commitments

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
<b>Commitments:</b>				
Undrawn credit lines	799,573	613,818	799,573	613,818
Forward placements	-	67,808	-	67,808
Forward deposits	73,364	158,762	73,364	158,762
<b>Total</b>	<b>872,937</b>	<b>840,388</b>	<b>872,937</b>	<b>840,388</b>
<b>Capital expenditure:</b>				
- Approved and contracted for but not provided for in the financial statements	3,489	7,878	3,452	7,289
<b>Total</b>	<b>3,489</b>	<b>7,878</b>	<b>3,452</b>	<b>7,289</b>
<b>Total commitments</b>	<b>876,426</b>	<b>848,266</b>	<b>876,389</b>	<b>847,677</b>

## 40 Capital adequacy

### Capital Management

The Group's objective when managing capital is to maintain a strong capital position to support business growth, and to maintain investor, depositor, customer, rating agency and market confidence. In line with this, the Group manages its capital actively and ensure the capital adequacy ratios which takes into account the risk profile of the Group are comfortably above the regulatory minimum. The Group and Bank has a dividend policy to distribute dividend which takes into consideration capital requirements, available distributable retained profits, liquidity and other factors while ensuring compliance with the prevailing laws and regulations. The Group and the Bank have applied all effective pronouncements and interpretations of IFRS in arriving at the capital position of the Group and the Bank.

### Capital Adequacy Ratios

The Group and Bank are required to comply with the core capital ratio and risk-weighted capital adequacy ratio prescribed by BDCB. The Group and Bank were in compliance with all prescribed capital ratios throughout the year.

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
<b>Regulatory capital</b>				
Tier 1 capital	1,401,594	1,356,804	1,211,765	1,178,782
<b>Total capital base</b>	<b>1,401,594</b>	<b>1,356,804</b>	<b>1,211,765</b>	<b>1,178,782</b>
<b>Total risk-weighted amount</b>				
Risk-weighted amount for credit risk	7,027,706	6,949,408	6,630,980	6,614,819
Risk-weighted amount for operational risk	663,862	648,563	622,534	609,716
Risk-weighted amount for market risk	1,572	1,829	1,572	1,829
<b>Total risk-weighted amount</b>	<b>7,693,140</b>	<b>7,599,800</b>	<b>7,255,086</b>	<b>7,226,364</b>

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>	<b>BS'000</b>
<b>Capital ratios</b>				
Core capital (Tier 1) ratio %	18.2%	17.9%	16.7%	16.3%
<b>Total capital ratio %</b>	<b>18.2%</b>	<b>17.9%</b>	<b>16.7%</b>	<b>16.3%</b>

The capital adequacy ratio is derived after IFRS adjustments, except for those adjustments in relation to capitalisation of fees, collateral, profit in suspense and allowance for impairment.

In accordance to Section 11(2) of the Islamic Banking Act, Chapter 168, the Group and Bank shall not, at any time, have a Tier 1 capital ratio of less than 5 per cent and total capital ratio of less than 10 per cent or such percentage as may be determined by the Authority.

## 41 Contingent liabilities

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
Letters of credit	170,141	120,151	170,141	120,151
Guarantees	125,603	106,742	125,603	106,742
Shipping guarantees	2,360	21,736	2,360	21,736
Acceptances	18,392	349	18,392	349
Trade risk participation	59,036	40,307	59,036	40,307
Import bills	126	439	126	439
<b>Total</b>	<b>375,658</b>	<b>289,724</b>	<b>375,658</b>	<b>289,724</b>

In the normal course of business, the Group and Bank incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.