



# RHB Bank Berhad - Brunei Darussalam Branch

**Financial Statements**

**As at and for the year ended 31 December 2025**



**RHB Bank Berhad - Brunei Darussalam Branch**  
**Financial Statements**  
**As at and for the year ended 31 December 2025**

<b>Contents</b>	<b>Page</b>
Independent Auditor's Report	1 - 4
Statement of Financial Position	5
Statement of Total Comprehensive Income	6
Statement of Changes in Head Office Account	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 46
Corporate Governance	Appendix 1



## Independent Auditor's Report

To the Board of Directors and Management of  
**RHB Bank Berhad - Brunei Darussalam Branch**  
Units E, F and G, Lot 70516, Kampong Kiarong  
Bandar Seri Begawan BS 8711, Brunei Darussalam

### Report on the Audits of the Financial Statements

#### Our Opinion

In our opinion, the accompanying financial statements of RHB Bank Berhad - Brunei Darussalam Branch (the Branch) give a true and fair view of the financial position of the Branch as at 31 December 2025, and of its financial performance, changes in Head Office account and cash flows for the year ended in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (the Act) and the International Financial Reporting Standards (IFRS) Accounting Standards.

#### What we have audited

The financial statements of the Branch comprise:

- the statement of financial position as at 31 December 2025;
- the statement of total comprehensive income for the year ended 31 December 2025;
- the statement of changes in Head Office account for the year ended 31 December 2025;
- the statement of cash flows for the year ended 31 December 2025; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

#### Basis for Opinion

We conducted our audits 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.

PricewaterhouseCoopers Services, 13th Floor, PGGMB Building,  
Jalan Kianggeh, Bandar Seri Begawan BS8111, Brunei Darussalam  
+673 2241951



Independent Auditor's Report  
To the Board of Directors and Management of  
RHB Bank Berhad - Brunei Darussalam Branch  
Page 2

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 Branch in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standard Board for Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Brunei Darussalam. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### **Other information**

Management is responsible for the other information. The other information comprises the Corporate Governance disclosures set out in Appendix 1, but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

Our opinion on the 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 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 financial statements of the Branch or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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



Independent Auditor's Report  
To the Board of Directors and Management of  
RHB Bank Berhad - Brunei Darussalam Branch  
Page 3

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

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

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Branch 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 Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

### **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Branch 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, circular watermark or stamp.

Chai Xiang Yuin  
Partner

Brunei Darussalam  
27 March 2026

**RHB Bank Berhad**  
Brunei Darussalam Branch


Statement of Financial Position  
As at 31 December 2025  
(In thousands of Brunei Dollar)

	Notes	2025	2024
<b><u>ASSETS</u></b>			
Cash and short-term funds	4	118,153	83,075
Balances with Brunei Darussalam Central Bank (BDCB)	5	7,241	8,289
Branch balances receivable	6	1,826	1,732
Investment in government bonds	7	7,500	16,100
Loans and advances to customers, net	8	58,046	57,728
Right-of-use asset, net	9	85	233
Property and equipment, net	10	1,341	1,581
Other assets	11	3,213	3,021
<b>Total assets</b>		<b>197,405</b>	<b>171,759</b>
<b><u>LIABILITIES AND HEAD OFFICE ACCOUNT</u></b>			
<b>LIABILITIES</b>			
Deposits from customers	12	131,499	111,522
Deposits from banks and other financial institutions	13	532	407
Branch balances payable	14	13,747	8,365
Provision for taxation		58	80
Lease liabilities	16	93	246
Other liabilities	15	3,826	3,817
<b>Total liabilities</b>		<b>149,755</b>	<b>124,437</b>
<b>HEAD OFFICE ACCOUNT</b>			
Head office account	17	47,650	47,322
<b>Total liabilities and head office account</b>		<b>197,405</b>	<b>171,759</b>

The notes on pages 9 to 46 are an integral part of these financial statements.

**Certification**

We certify that the financial statements give a true and fair view of the financial position of the Brunei operations of RHB Bank Berhad (the "Branch") as at 31 December 2025, and its financial performance and its cash flows for the year ended 31 December 2025 based on the provisions of the Brunei Darussalam Companies Act, Chapter 39, Banking Act (Cap. 95) and the International Financial Reporting Standards as issued by the International Accounting Standards Board.

  
**Mohd Shamsul Irwan bin Ab Wahab**  
Chief Executive Officer  
27 March 2026

  
**Tunku Mohammad Firdaus bin Tunku Yahaya**  
Head of Operations  
27 March 2026

**RHB Bank Berhad**  
Brunei Darussalam Branch

Statements of Total Comprehensive Income  
For the year ended 31 December 2025  
(In thousands of Brunei Dollar)

	Notes	2025	2024
Interest income		5,133	6,029
Interest expense		(1,961)	(2,384)
Net interest income	19	3,172	3,645
Fee and commission income	20	523	559
Other income	21	294	284
Total operating income		3,989	4,488
Provision for credit losses on financial assets, net	24	(5)	(141)
Net operating income		3,984	4,347
Operating expenses			
Personnel expenses	22	(1,629)	(1,682)
Depreciation of property and equipment	10	(307)	(291)
Amortisation of right-of-use asset	9	(148)	(146)
Operating lease expenses		(16)	(18)
Interest expense on leases	9,16	(9)	(13)
Other expenses	23	(1,535)	(1,254)
		(3,644)	(3,404)
<b>PROFIT BEFORE TAXATION</b>		<b>340</b>	<b>943</b>
Income tax expense	25	(52)	(80)
<b>NET PROFIT FOR THE YEAR</b>		<b>288</b>	<b>863</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>288</b>	<b>863</b>

The notes on pages 9 to 46 are an integral part of these financial statements.

**RHB Bank Berhad**  
Brunei Darussalam Branch

Statements of Changes in Head Office Account  
For the year ended 31 December 2025  
(In thousands of Brunei Dollar)

	Note	Assigned capital	Capital contribution from Head Office	Reserves	Retained profits	Total
<b>BALANCES AS AT 1 JANUARY 2024</b>		<b>30,000</b>	-	<b>8,089</b>	<b>8,370</b>	<b>46,459</b>
COMPREHENSIVE INCOME						
Net profit for the year, representing total comprehensive income		-	-	-	863	863
TRANSFERS BETWEEN RESERVES	17	-	-	432	(432)	-
<b>BALANCES AS AT 31 DECEMBER 2024</b>		<b>30,000</b>	-	<b>8,521</b>	<b>8,801</b>	<b>47,322</b>
COMPREHENSIVE INCOME						
Net profit for the year, representing total comprehensive income		-	-	-	288	288
TRANSACTION WITH THE HEAD OFFICE						
Share-based payment		-	40	-	-	40
TRANSFERS BETWEEN RESERVES	17	-	-	144	(144)	-
<b>BALANCES AS AT 31 DECEMBER 2025</b>		<b>30,000</b>	<b>40</b>	<b>8,665</b>	<b>8,945</b>	<b>47,650</b>

The notes on pages 9 to 46 are an integral part of these financial statements.

**RHB Bank Berhad**  
Brunei Darussalam Branch

Statement of Cash Flows  
For the year ended 31 December 2025  
(In thousands of Brunei Dollar)

	Notes	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		340	943
Adjustments for:			
Depreciation of property and equipment	10	307	291
Amortisation of right-of-use asset	9	148	146
Provision for credit losses on financial assets	24	101	353
Net interest income	19	(3,172)	(3,645)
Share-based payment		40	-
Interest expense on leases	9,16	9	13
Operating loss before changes in operating assets and liabilities		(2,227)	(1,899)
Changes in operating assets and liabilities (Increase)/decrease in:			
Proceeds from (placements of) balances with banks, net		(25,182)	(3,575)
Loans and advances to customers		(419)	4,048
Branch balances receivable		(94)	1,286
Balances with BDCB		1,048	(174)
Other assets		(363)	(437)
Increase/(decrease) in:			
Deposits from customers		19,977	(2,180)
Deposits from banks and other financial institutions		125	(333)
Branch balances payable		5,382	5,310
Other liabilities		117	186
Cash (used in) generated from operations		(1,636)	2,232
Interest income received		5,304	6,415
Interest expense paid		(2,069)	(2,338)
Income tax paid		(74)	(243)
<b>Net cash generated from operating activities</b>		<b>1,525</b>	<b>6,066</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	10	(67)	(153)
Purchase of government bonds		(7,500)	(16,100)
Redemption of government bonds		16,100	15,520
<b>Net cash generated from / (used in) investing activities</b>		<b>8,533</b>	<b>(733)</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(153)	(148)
Interest payment on lease		(9)	(13)
<b>Net cash used in financing activities</b>		<b>(162)</b>	<b>(161)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>9,896</b>	<b>5,172</b>
At 1 January		21,965	16,793
At 31 December	18	31,861	21,965

The notes on pages 9 to 46 are an integral part of these financial statements.

## **RHB Bank Berhad**

Brunei Darussalam Branch

### **Notes to the Financial Statements**

As at and for the year ended 31 December 2025

(All amounts are shown in thousands of Brunei Dollar unless otherwise stated)

#### **1 General information**

RHB Bank Berhad (the "Head Office") is a bank incorporated in Malaysia. RHB Bank Berhad - Brunei Darussalam Branch (the "Branch") is a segment of RHB Bank Berhad and is not a separately incorporated legal entity. The Branch operates under a full banking license granted by the Brunei Darussalam Central Bank (BDCB).

The registered office address of the Branch is Units E, F and G, Lot 70516, Kampong Kiarong, Bandar Seri Begawan BS 8711, Brunei Darussalam.

The Branch is primarily involved in the business of banking and in the provision of financial services. There has been no significant change in the nature of this activity during the year ended 31 December 2025.

The financial statements have been authorised for issue by the Branch's Management on 27 March 2026.

#### **2 Basis of preparation**

##### **2.1 Statement of compliance**

The financial statements have been prepared in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (the "Act") and the International Financial Reporting Standards (IFRS) Accounting Standards.

##### **2.2 Basis of measurement**

The financial statements have been prepared under the historical cost basis.

##### **2.3 Functional and presentation currency**

These financial statements are presented in Brunei Dollar (BND or B\$), which is the Branch's functional currency. All financial information presented in BND has been rounded off to the nearest thousand, unless otherwise stated.

##### **2.4 Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS Accounting Standards 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, including management judgements, 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.

### *Allowance for credit losses on loans and advances (Note 8)*

The Branch's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions. The significant judgements and estimates in determining expected credit loss include:

- the Branch's criteria for assessing if there has been a significant increase in credit risk; and
- development of ECL models, including the choice of inputs relating to macroeconomic variables.

The calculation of ECL also includes expert credit judgement to be applied by credit risk management team based on counterparty information they receive from various sources including relationship managers and external market information.

Further information about key assumptions concerning future and other key sources of estimation uncertainty, are set out in Notes 3.5 and 31(i).

### *Allowance for credit losses on other financial assets*

The Branch determines the recoverable amount of other financial assets based on assumptions about risk of default and expected loss rates. The Branch applies judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Branch's past history and existing market conditions as well as forward-looking estimates at the end of each reporting period.

### *Impairment of non-financial assets*

The Branch assesses impairment of non-financial assets such as property and equipment and right-of-use asset whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the Branch's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. The factors that the Branch considers when assessing recoverability include significant under performance relative to expected historical or projected future operating results, significant negative industry or economic trends, or significant changes in the manner of use of the assets or strategy for the business. If any such indication exists, the asset is tested for impairment by comparing its recoverable amount to its carrying amount.

Management believes that no impairment is necessary to be recognised on the Branch's non-financial assets as at 31 December 2025.

## **2.5 Changes in accounting policies and disclosures**

### **(a) Amendment to existing standards adopted by the Branch effective 1 January 2025**

The following amendment to existing standard has been adopted by the Branch effective 1 January 2025:

- IAS 1, Presentation of Financial Statements (Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants)

Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendment also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The adoption of the above amendment do not give rise to any material financial impact on the Branch's financial statements.

There are no other new standards, interpretations and amendments to existing standards effective 1 January 2025 that are considered to be relevant or have a material impact on the Branch's financial statements.

(b) Amendments to existing standards not yet effective and not early adopted by the Branch

The following amendments to existing standards are not yet effective for 31 December 2025 reporting period and have not been early adopted by the Branch:

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (Effective beginning on or after 1 January 2026)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cashflows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

- IFRS 18 Presentation and Disclosure in Financial Statements (Effective beginning on or after 1 January 2027)

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The adoption of the accounting standards, amendments to published standards and interpretations to existing standards that are applicable to the Branch but not yet effective above are not expected to give rise to any material financial impact to the Branch, except for the adoption IFRS 18 and IFRS 9 amendments of which there will be further enhanced disclosures going forwards. The Branch is in process of reviewing the financial impact arising from the requirements of these standards and expect the process to be completed prior to the effective date.

### **3 Material accounting policies**

The accounting policies set out below have been applied consistently to both years presented in the financial statements unless otherwise stated.

#### **3.1 Foreign currency**

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in the statement of total comprehensive income.

#### **3.2 Financial instruments**

##### ***i. Recognition and initial measurement***

###### *Non-derivative financial assets and financial liabilities*

Trade receivables and debt instruments are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Branch becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus or less transaction costs that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss ("FVTPL"). Receivables, mainly comprising cash and short-term funds, balances with BDCB, and Branch balances receivable, without a significant financing component are initially measured at the transaction price.

## **ii. Classification and subsequent measurement**

### *Non-derivative financial assets*

The Branch's financial assets are classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Branch changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

### *Financial assets at amortised cost*

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

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

### *Financial assets: Business model assessment*

The Branch 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 interest income, maintaining a particular interest 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 the Branch's 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 managers of the business are 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.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Branch's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

The Branch has no financial assets measured at FVTPL as at 31 December 2025 and 2024.

### *Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' 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 lending 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 interest, the Branch 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 Branch considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Branch's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Non-derivative financial assets: Subsequent measurement and gains and losses*

*Financial assets at amortised cost*

Financial assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of total comprehensive income. Any gain or loss on derecognition is recognised in the statement of total comprehensive income.

*Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses*

All of the Branch's financial liabilities are classified at amortised cost. These are initially measured at fair value less directly attributable transaction costs and subsequently remeasured at amortised cost using the effective interest rate method.

### **iii. Derecognition**

*Financial assets*

The Branch derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights 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 Branch neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

*Financial liabilities*

The Branch derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Branch also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of total comprehensive income.

**iv. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Branch currently has a legally 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.

As at 31 December 2025 and 2024, there are no financial assets and liabilities that have been offset.

**v. Cash and cash equivalents**

Term deposits are presented as cash equivalents if they have an original maturity of three months or less and are readily convertible to known amount of cash and are subject to insignificant changes in value.

**3.3 Property and equipment, net**

**i. Recognition and measurement**

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If 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.

Any gain or loss on disposal of an item of property and equipment is recognised in the statement of total comprehensive income.

**ii. 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, that component is depreciated separately.

Depreciation is recognised as an expense in statement of total comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of property and equipment unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold improvement	10 years or lease term, whichever is shorter
Office equipment and furniture	3 to 10 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of reporting period. Assets that are subject to depreciation are reviewed at each reporting date to assess whether there is any indication that an asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value (less costs to sell) and value in use.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statements of comprehensive income.

### **3.4 Leases**

#### *The Branch as the lessee*

At commencement or on modification of a contract that contains a lease component, the Branch allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Branch recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU 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 ROU 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 Branch by the end of the lease term or the cost of the ROU asset reflects that the Branch will exercise a purchase option. In that case, the ROU 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 ROU 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 interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Branch uses the lessee's incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest rate 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 Branch's estimate of the amount expected to be payable under a residual value guarantee, if the Branch 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.

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

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

### 3.5 Impairment of financial assets

The Branch recognises loss allowances for all financial assets, except for financial assets classified or designated as FVTPL and equity securities classified under fair value through other comprehensive income (FVOCI), which are not subject to impairment assessment. Off-balance sheet items that are subject to expected credit losses (ECL) include financial guarantees and undrawn loan commitments.

The general approach is adopted by the Branch in its ECL calculation. ECL is assessed using an approach which classifies financial assets into three stages which reflect the change in credit quality of the financial assets since initial recognition:

#### *(i) Stage 1: 12 month ECL - not credit impaired*

For credit exposures where there has not been a significant increase in credit risk since initial recognition or which has low credit risk at reporting date and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within the next 12 months will be recognised.

#### *(ii) Stage 2: Lifetime ECL - not credit impaired*

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the ECL associated with the probability of default events occurring within the lifetime ECL will be recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when 30 days past due or more.

#### *(iii) Stage 3: Lifetime ECL - credit impaired*

Financial assets are assessed as credit impaired when one or more objective evidence of default that has a detrimental impact on the estimated future cash flows of that asset has occurred. For financial assets that have become credit impaired, a lifetime ECL will be recognised. Generally, all financial assets that are 90 days past due or more are classified under Stage 3.

The Branch considers the following as constituting an event of default:

#### (1) Quantitative criteria

- The borrower is past due more than 90 days on any material credit obligation to the Branch.

#### (2) Qualitative criteria

- Legal action has been initiated by the Branch for recovery purposes;
- Borrower is bankrupt; and
- Borrower has been assigned to external collection agency.

#### *Significant increase in credit risk ('SICR')*

- (1) The Branch considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Branch compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

(2) Among the indicators incorporated in ascertaining SICR are:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increase in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrower in the Branch and changes in the operating results of the borrower.

Generally, all financial assets are considered to have experienced a significant increase in credit risk if the exposures is more than 30 days past due on its contractual payments.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. The measurement of ECL is based on the discounted product of the Probability of Default ('PD'), Loss Given Default ('LGD') and Exposure at Default ('EAD'). The changes in ECL between two-periods will be recognised in the statement of total comprehensive income.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the approach reverts from lifetime ECL to 12-month ECL. Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Branch's investment grade criteria, or which are less than 30 days past due, are considered to have a low credit risk. The allowance for credit losses for these financial assets is based on a 12-month ECL. When an asset is uncollectible, it is written-off against the related provision. Such assets are written-off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the statement of total comprehensive income.

Other relevant historical information, loss experience or proxies will be utilised if deemed feasible.

In determining the ECL, management will evaluate a range of possible outcomes, taking into account past events, current conditions/trends and economic outlooks. Additional considerations that are assessed to have been adequately addressed by the ECL model estimates such as a structured management overlay, which is subject to robust review and governance process, will be applied consistently.

### **3.6 Impairment of non-financial assets**

The carrying amounts of the Branch's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

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. For the purpose of impairment testing, assets that cannot be tested individually are Branched together into the smallest Branch of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in the statement of total comprehensive income. 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.

### **3.7 Employee benefits**

#### *(i) Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of total comprehensive income in the periods during which related services are rendered by employees.

#### *(ii) Short-term employee benefits*

Short-term employee benefit obligations 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 Branch 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.

### **3.8 Provisions and contingencies**

Provisions are recognised when the Branch has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

### **3.9 Interest income and expense**

Interest income for financial assets held at amortised cost, and interest expense on all financial liabilities held at amortised cost is recognised in statement of total comprehensive income using the effective interest rate method.

When calculating the effective interest rate, the Branch estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Where the estimates of cash flows have been revised, the carrying amount of the financial asset or liability is adjusted to reflect the actual and revised cash flows, discounted at the instrument's original effective interest rate. The adjustment is recognised as interest income or expense in the period in which the revision is made.

Interest income for financial assets that have become credit impaired subsequent to initial recognition (Stage 3) and have had amounts written-off, is recognised using the credit adjusted effective interest rate. This rate is calculated in the same manner as the effective interest rate except that ECL are included in the expected cash flows. Interest income is therefore recognised on the amortised cost of the financial asset including ECL. Should the credit risk on a Stage 3 financial asset improve such that the financial asset is no longer considered credit impaired, interest income recognition reverts to a computation based on the rehabilitated gross carrying value of the financial asset.

### **3.10 Fees and commission**

Other fees and commission income, including renewal fees, cancellation fees, commissions and service fees, are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

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

### **3.11 Income tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable 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.

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.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Branch expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

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 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.

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 reversals of existing temporary differences, are considered, based on the business plans of the Branch. 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 profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

#### 4 Cash and short-term funds

This account as at 31 December consists of:

	Notes	2025	2024
Cash on hand	18	4,193	5,858
Balances placed with BDCB (unrestricted balance)	18	10,192	6,308
Balances with banks and other financial institutions		103,768	70,909
		118,153	83,075

As at 31 December 2025, placements with maturity of three months or less from the date of acquisition amounting to B\$17,476 (2024 - B\$9,799) are classified as cash and cash equivalents in the statement of cash flows (Note 18).

Balances placed with BDCB and with banks and other financial institutions earn interest at prevailing annual rates ranging from 1.03% to 2.80% in 2025 (2024 - 2.44% to 3.69%).

#### 5 Balances with Brunei Darussalam Central Bank (BDCB)

As at 31 December 2025, this account amounted to B\$7,241 (2024 - B\$8,289).

The minimum cash reserve is maintained as required by the provisions of Section 45 of the Brunei Darussalam Banking Act (Cap. 95). This is not available for use in the Branch's day to day operations. At 31 December 2024, the minimum cash reserve requirement is 6% of the eligible liabilities and is not earning interest. In 2025, the minimum cash reserve requirement has changed to 5% of the eligible liabilities and is not earning interest. The Branch is compliant with this requirement. "Eligible liabilities" defined under BDCB's Notice on Minimum Cash Balance Requirement [Notice No. BU/N-14/2017/49 – Amendment No.2].

#### 6 Branch balances receivable

This account as at 31 December consists of:

	2025	2024
Receivables from:		
RHB Bank Berhad - Singapore Branch	1,821	1,727
RHB Bank Berhad - Bangkok Branch	5	5
	1,826	1,732

All Branch balances receivables are current, collectible on demand at gross amount and bear annual interest rates ranging from 0.34% to 2.05% in 2025 (2024 - 2.60% to 3.50%).

## 7 Investment in government bonds

This account as at 31 December consists of:

	2025	2024
Government bonds held		
Original maturity of less than one year	7,500	16,100

The Branch classifies the Government bonds as financial assets at amortised cost. Government bonds bear annual interest rates ranging from 1.05% to 2.60% in 2025 (2024 - 2.70% to 3.38%).

## 8 Loans and advances to customers, net

Loans and advances to customers as at 31 December analysed by type are as follows:

	Note	2025	2024
Cash line/overdrafts		18,059	16,256
Term loans:			
Property loans		15,421	12,553
Other term loans		18,640	22,065
Trust receipts		6,537	7,494
Gross loans and advances		58,657	58,368
Less: Allowance for credit losses on loans and advances to customers	31(i)	(611)	(640)
		58,046	57,728

Maturity profile of the Branch's loans and advances to customers, net as at 31 December follows:

	2025	2024
Current	28,775	25,572
Non-current	29,271	32,156
	58,046	57,728

As at 31 December 2025 and 2024, the Branch does not have any loans and advances under temporary regulatory relief.

Loan and advances to customers bear annual interest rates ranging from 3.75% to 7.00% in 2025 and 2024.

## 9 Right-of-use asset, net

In 2021, the Branch entered into a tenancy agreement for its office space for a lease term of five years effective until 31 July 2026, with option to renew.

The Branch also leases office equipment with contract term of up to one year. These leases are short-term and/or leases of low-value items; thus, the Branch has elected not to recognise ROU asset and lease liability for these leases.

The roll-forward analysis of ROU asset, net recognised in relation to IFRS 16 is shown below:

	Amount
Balance at 1 January 2024	379
Amortisation charge during the year	(146)
Balance at 31 December 2024	233
Amortisation charge during the year	(148)
Balance at 31 December 2025	85

The amounts recognised in the statement of total comprehensive income in relation to IFRS 16 is shown below:

	Note	2025	2024
Interest on lease liabilities	16	9	13
Amortisation of ROU asset		148	146
Expenses relating to short-term leases and low-value assets (included under Other expenses)		14	14

#### *Extension options*

The lease of office space contains an extension option exercisable by the Branch up to three years before the end of the non-cancellable contract period. Where practicable, the Branch seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Branch and not by the lessors. The Branch assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Branch reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Branch has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liabilities of B\$152 (2024 - B\$148).

## **10 Property and equipment, net**

This account as at 31 December consists of:

<i>At 31 December 2025</i>	Leasehold improvements	Office equipment and furniture	Motor vehicles	Total
<b>Cost</b>				
1 January	2,979	2,098	93	5,170
Additions	2	65	-	67
Write-off	(1,229)	(175)	-	(1,404)
	1,752	1,988	93	3,833
<b>Accumulated depreciation</b>				
1 January	1,697	1,824	68	3,589
Depreciation	173	119	15	307
Write-off	(1,229)	(175)	-	(1,404)
	641	1,768	83	2,492
<b>Net book value</b>	1,111	220	10	1,341

<i>At 31 December 2024</i>	Leasehold improvements	Office equipment and furniture	Motor vehicles	Total
Cost				
1 January	2,958	1,966	93	5,017
Additions	21	132	-	153
	2,979	2,098	93	5,170
Accumulated depreciation				
1 January	1,522	1,722	54	3,298
Depreciation	175	102	14	291
	1,697	1,824	68	3,589
Net book value	1,282	274	25	1,581

## 11 Other assets

This account as at 31 December consists of:

	2025	2024
Accrued interest receivable	477	648
Prepayments	383	472
Remittance	382	210
Deposits	69	63
Miscellaneous	1,902	1,628
	3,213	3,021

As at 31 December 2025 and 2024, miscellaneous assets pertain to postage, revenue stamps and charges on withholding tax, cheque books and stationery stock.

## 12 Deposits from customers

The analysis of this account by type of deposits as at 31 December is as follows:

	2025	2024
Demand deposits	18,304	22,672
Savings deposits	5,868	5,683
Fixed deposits	107,327	83,011
Others	-*	156
	131,499	111,522

\* less than B\$1,000

Others pertain to unclaimed moneys and advance payment.

The analysis of the account by type of customers as at 31 December is as follows:

	2025	2024
Individuals	67,401	44,082
Business enterprises	64,098	67,284
Others	-*	156
	131,499	111,522

\* less than B\$1,000

Deposits from customers bear annual interest rates ranging from 0.15% to 2.65% in 2025 (2024 - 0.15% to 3.40%).

### 13 Deposits from banks and other financial institutions

Deposits from banks and other financial institutions amounting to B\$532 (2024 - B\$407) are current in nature, unsecured and non-interest bearing.

### 14 Branch balances payable

This account as at 31 December consists of:

	2025	2024
Payables to		
RHB Bank Berhad - Head Office	13,691	8,309
RHB Bank Berhad - Singapore Branch	56	56
	13,747	8,365

All Branch balances payable are unsecured and bear annual interest rates ranging from 0.34% to 2.05% in 2025 (2024 - 2.60% to 3.50%) and are expected to be settled within 12 months after the reporting date at gross amounts.

### 15 Other liabilities

This account as at 31 December consists of:

	2025	2024
Account payables and accruals	2,936	2,810
Accrued interest payable	890	1,007
	3,826	3,817

As at 31 December 2025 and 2024, account payables and accruals consist of balances payable to third parties and accrued expenses for bonuses and professional fees.

### 16 Lease liabilities

The Branch lease office space from a third party for a term of 5 years. The lease agreement does not impose any covenants other than security deposit in the leased assets that are held by the lessor.

*Amount recognised in the statement of financial position*

The following amounts relating to leases as at 31 December:

	2025	2024
Right-of-use asset	85	233
Lease liabilities		
Current	93	153
Non-current	-	93
	93	246

Movement in lease liabilities for the years ended 31 December:

	Note	2025	2024
Balance at 1 January		246	394
<i>Changes from financing cash flows</i>			
Payment of principal portion		(153)	(148)
Interest paid		(9)	(13)
		(162)	(161)
<i>Other changes</i>			
Interest expense	9	9	13
Balance at 31 December		93	246

## 17 Head Office account

The account comprises assigned capital account with Head Office, retained profit and reserves.

### *Reserves*

The account as at 31 December consist of:

	2025	2024
Statutory reserve fund	8,665	8,521

The statutory reserve fund is maintained in accordance with Section 24 of the Banking Act (Cap.95). The Branch shall transfer a minimum of 50% of the profit for the financial year to the statutory reserve fund. The statutory reserve fund is not distributable as repatriation to the Head Office. In 2025, the Branch transferred B\$144 from retained profits to reserves (2024 - B\$432).

In accordance with Section 6 of the Prudential Treatment of Problem Assets and Accounting for Expected Credit Losses, the Branch appropriates an amount equal to the accrued profit income on non-performing financial assets from retained profits to a non-distributable reserve in the prudential returns.

## 18 Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows for the years ended 31 December comprise the following amounts:

	Note	2025	2024
Cash on hand	4	4,193	5,858
Balances placed with BDCB	4	10,192	6,308
Balances with banks and other financial institutions	4	17,476	9,799
		31,861	21,965

**19 Net interest income**

This account for the years ended 31 December consists of:

	2025	2024
Interest income		
Loans and advances to customers	3,150	3,309
Deposits and placement with other banks	1,624	2,123
Branch balances receivable	208	205
Government bonds	151	392
Total interest income	5,133	6,029
Interest expense		
Deposits from customers	(1,908)	(2,055)
Branch balances payable	(53)	(329)
Total interest expense	(1,961)	(2,384)
Net Interest income	3,172	3,645

**20 Fee and commission income**

This account for the years ended 31 December consists of:

	2025	2024
Fee income		
Commission	308	364
Service charges	100	90
Fees on loans and advances	73	83
Guarantee fees	39	19
Others	3	3
	523	559

Commission income pertains to fee income earned from remittances and trade activities.

**21 Other income**

Foreign exchange gain for the year ended 31 December 2025 amounting to B\$294 (2024 - B\$284).

**22 Personnel expenses**

This account for the years ended 31 December consists of:

	2025	2024
Wages and salaries	1,191	1,025
Contributions to defined contribution plan	166	151
Allowance and bonuses	92	387
Others	180	119
	1,629	1,682

Key management personnel's compensation is disclosed in Note 29.

## 23 Other expenses

This account for the years ended 31 December consists of:

	2025	2024
Management fees charged by Head Office	456	312
Electronic data processing expenses	315	255
Service charge for swift payment	176	148
Advertisement and publicity	119	12
License fees	100	100
Insurance	55	59
Legal and professional fees	51	54
Others	263	314
	1,535	1,254

Management fees charged by Head Office pertaining to reimbursement to Head office such as assistance on system enhancements, issue resolution, documentation and transactions processing, among others.

Others pertain to expenses incurred for utilities, security services, office supplies, cable and telephone charges and transportation expenses.

## 24 Provision for credit losses on financial assets, net

Movements in the provision for allowance for credit losses on loans and advances to customers and other financial assets for the years ended 31 December follow:

	Note	2025	2024
Loans and advances to customers			
Net allowance provided	31 (i)	(101)	(353)
Bad debts recovered		96	212
		(5)	(141)

## 25 Tax expense

The tax charge recognised in profit or loss for the years ended 31 December comprises the following:

	2025	2024
Current year	52	80

The tax expense on the results of the Branch differs from the amount that would arise using the Brunei Darussalam statutory rate of income tax for the years ended 31 December due to the following:

	2025	2024
Reconciliation of effective tax rate		
Profit before taxation	340	943
Tax calculated at a tax rate of 18.5%	63	174
Non-deductible expenses	33	33
Non-taxable income	(10)	(99)
Tax exemption	(28)	(28)
Overprovision from prior year	(6)	-
	52	80

Management has assessed the impact of deferred tax assets and liabilities as insignificant and, therefore, has not recognised them in the financial statements.

## 26 Commitments and contingencies

In the normal course of business, the Branch makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. As the contingencies and commitments may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

	2025	2024
Contingencies		
Letters of credit	28	1,461
Guarantees and bonds	1,383	1,756
	1,411	3,217
Commitments		
Undrawn credit lines	9,444	8,942
	10,855	12,159

## 27 Accounting classification and fair values

The Branch's classification of its financial assets and liabilities is summarised in the table below:

### 31 December 2025

	At amortised cost
Financial assets	
Cash and short-term funds	118,153
Balances with BDCB	7,241
Branch balances receivable	1,826
Government bonds	7,500
Loans and advances to customers, net	58,046
Other assets*	928
	193,694

\* Excludes prepayments and miscellaneous

	At amortised cost
Financial liabilities	
Deposits from customers	131,499
Deposits from banks and other financial institutions	532
Branch balances payable	13,747
Lease liabilities	93
Other liabilities	3,826
	149,697

### 31 December 2024

	At amortised cost
Financial assets	
Cash and short-term funds	83,075
Balances with BDCB	8,289
Branch balances receivable	1,732
Government bonds	16,100
Loans and advances to customers	57,728
Other assets*	921
	167,845

\* Excludes prepayments and miscellaneous

	At amortised cost
Financial liabilities	
Deposits from customers	111,522
Deposits from banks and other financial institutions	407
Branch balances payable	8,365
Lease liabilities	246
Other liabilities	3,817
	124,357

### **Fair value hierarchy**

For disclosure purposes, the level in the hierarchy within which the instruments are classified in its entirety is based on the lowest level input that is significant to the instrument's fair value measurements:

- 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 asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

There are no financial assets measured at fair value in the statement of financial position as at 31 December 2025 and 2024. There are also no non-financial assets or liabilities that would require disclosure of fair value hierarchy as at 31 December 2025 and 2024.

### *Determination of fair value*

The methodologies and assumptions used in estimating fair values depend on the terms and risk characteristics of the various instruments and include the following:

### **Loans and advances**

Fair value of loans and advances is estimated by discounting anticipated cash flows (including interest at contractual rates). Performing loans are grouped, to the extent possible, into homogenous pools segregated by maturity and the coupon rates of the loans within each pool. In general, cash flows are discounted using current market rates for instruments with similar maturity, repricing and credit risk characteristics.

For non-performing uncollateralised loans and advances, an estimate is made of the time period to realise these cash flows and the fair value is estimated by discounting these cash flows at the effective interest rate. For non-performing loans and advances where collateral exists, the fair value is the lesser of the carrying value of loans and advances, net of specific allowances, or the fair value of the collateral, discounted as appropriate.

Based on the methodology described above, the Branch has determined that the carrying values of loans and advances approximate their fair values.

### **Deposits by customers**

Deposits by customer is calculated using discounted cash flow models, based on the deposit type and its related maturity, applying either market rates, where applicable or current rates offered for deposits of similar remaining maturities.

Based on the methodology described above, the Branch has determined that the carrying values of deposits by customers approximate fair values.

## Other financial assets and liabilities

At the reporting date, the carrying amounts of other financial assets and liabilities (including cash and short-term funds, balances with BDCB, Branch balances receivable, government bonds, other assets, deposits from banks and other financial institutions, Branch balances payable, lease liabilities and other liabilities) approximate their fair values because of the generally short periods to maturity or the effect of discounting is immaterial.

## 28 Current and non-current assets and liabilities

<i>31 December 2025</i>			
	Current	Non-current	Total
<b>ASSETS</b>			
Cash and short-term funds	118,153	-	118,153
Balances with BDCB	7,241	-	7,241
Branch balances receivable	1,826	-	1,826
Government bonds	7,500	-	7,500
Loans and advances to customers, net	28,775	29,271	58,046
Right-of-use asset, net	-	85	85
Property and equipment, net	-	1,341	1,341
Other assets	3,213	-	3,213
<b>Total assets</b>	<b>166,708</b>	<b>30,697</b>	<b>197,405</b>
<b>LIABILITIES</b>			
Deposits from customers	120,553	10,946	131,499
Deposits from banks and other financial institutions	532	-	532
Branch balances payable	13,747	-	13,747
Other liabilities	3,826	-	3,826
Provision for taxation	58	-	58
Lease liabilities	93	-	93
<b>Total liabilities</b>	<b>138,809</b>	<b>10,946</b>	<b>149,755</b>
<i>31 December 2024</i>			
	Current	Non-current	Total
<b>ASSETS</b>			
Cash and short-term funds	83,075	-	83,075
Balances with BDCB	8,289	-	8,289
Branch balances receivable	1,732	-	1,732
Government bonds	16,100	-	16,100
Loans and advances to customers	25,572	32,156	57,728
Right-of-use asset, net	-	233	233
Property and equipment, net	-	1,581	1,581
Other assets	3,021	-	3,021
<b>Total assets</b>	<b>137,789</b>	<b>33,970</b>	<b>171,759</b>
<b>LIABILITIES</b>			
Deposits from customers	98,661	12,861	111,522
Deposits from banks and other financial institutions	407	-	407
Branch balances payable	8,365	-	8,365
Other liabilities	3,817	-	3,817
Provision for taxation	80	-	80
Lease liabilities	153	93	246
<b>Total liabilities</b>	<b>111,483</b>	<b>12,954</b>	<b>124,437</b>

## 29 Related party transactions

Parties are considered to be related to the Branch if the Branch or its Head Office has the ability, directly or indirectly, to control the other party or exercises significant influence over the party in making financial and operating decisions, or vice versa, or where the Branch and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In the normal course of its banking business, the Branch has carried out transactions with related parties, principally the Head Office, which is the ultimate controlling party of the Branch, and with other branches and related corporations on terms agreed between the parties. Material related party transactions and balances are separately disclosed in Notes 6, 14, 19 and 23.

### *Transactions with key management personnel*

Key management personnel compensation for the years ended 31 December comprises the following:

	2025	2024
Short-term employee benefits	154	-

Remuneration paid to key management personnel includes salary, bonus and other benefits-in-kind. There are no long-term benefits attributable to key management personnel.

As at 31 December 2025, there were no other transactions or outstanding balances related to key management personnel.

## 30 Capital management

The Branch's approach to capital management is to ensure that the Branch maintains adequate level of capital necessary to support its business and growth, to meet regulatory capital requirements at all times and to maintain a good credit rating.

Head Office committees oversee the Branch's capital planning and assessment process. Any capital management plans, the contingency capital plans, and any capital management actions are submitted to Head Office senior management team and/or Head Office Board for approval.

As a branch of a foreign entity, the Head Office is the primary equity capital provider to the Branch, and this is done via the Head Office's own retained profits and capital issuance. Capital generated by the Branch in excess of planned requirements is returned to the Head Office by way of repatriation.

### *Capital adequacy ratio ("CAR")*

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

	2025	2024
<i>Regulatory capital</i>		
Core capital (Tier I capital)	47,650	47,322
Supplementary capital (Tier II capital)	335	287
<b>Total capital base</b>	<b>47,985</b>	<b>47,609</b>
<i>Total risk-weighted amount</i>		
Risk weighted amount for credit risk	84,138	80,806
Risk weighted amount for operational risk	8,414	8,614
Risk weighted amount for market risk	89	755
<b>Total risk-weighted amount</b>	<b>92,641</b>	<b>90,175</b>
<i>Capital ratios</i>		
	%	%
Core capital (Tier 1) ratio	51.44	52.48
<b>Total capital ratio</b>	<b>51.80</b>	<b>52.80</b>

### 31 Financial risk management

Risk is inherent in the Branch's activities and is managed through a process of on-going identification, measurement and monitoring, subject to limits and other controls. Besides credit risk, the Branch is exposed to a range of other risk types such as market, liquidity, operational, legal, reputational, strategic and cross-border, as well as other forms of risk inherent to its strategy, product range and geographical coverage.

Effective risk management is fundamental to drive sustainable growth and shareholders' value, while sustaining competitive advantage, and is thus part of the proactive risk management of the Branch.

The Group Risk Management Framework governs the management of risks in the RHB Banking Group (the Group) inclusive of RHB Bank Berhad Brunei Darussalam Branch as follow:

- It provides a holistic overview of the risk and control environment of the Group, with risk management aimed towards loss minimisation and protection against unexpected losses which may occur through, principally, the failure of effective checks and balances in the organisation.
- It sets out the strategic progression of risk management towards becoming a value creation enterprise. This is realised through building up capabilities and infrastructure in risk management sophistication, and enhanced risk quantification to optimise risk-adjusted returns.

The Branch adopts and is guided by the Group Risk Management Framework in administration and implementation of its risk management activities.

**Key features of the framework include the following:**

#### **Risk governance and oversight**

The Board of Directors sits at the apex of the risk governance structure and is ultimately responsible for the Group's/respective entities' risk management strategy, appetite, framework and oversight of risk management activities.

Group-level committees have been established to oversee the management of risks across all entities/subsidiaries on an integrated basis. These committees serve a critical function in setting strategic direction, establishing governance frameworks and promoting best practices. The Board of Directors (Board), through Board Risk Committee (BRC) provides oversight over the risk management activities for the Group including regional offices to ensure that the Group's risk management process is in place and functional. The BRC assists the Board to review the Group's overall risk management philosophy, frameworks, policies and models.

The responsibility for the supervision and the day-to-day management of enterprise risk and capital matters is delegated to the Group Capital and Risk Committee (GCRC) comprising senior management of the Group and which reports to the relevant board committees and the Group Management Committee. The Group Asset and Liability Committee (Group ALCO) oversees market risk, liquidity risk and balance sheet management.

### **Roles and responsibilities for the risk management function**

The Group Chief Risk Officer (GCRO) of the Group is responsible for the risk management function. The incumbent is independent from the business units and does not have any management or financial responsibility in respect of any business lines or revenue-generating functions.

GCRO reports directly to the Group Managing Director and has unimpeded access to the Board of Directors and the Board Level Risk Committees. The main roles and responsibilities of GCRO are as follows:

- Facilitating the setting of the strategic direction and overall policy on management and control of risks of the Group;
- Ensuring industry best practices in risk management are adopted across the Group, including the setting of risk management parameters and risk models;
- Developing proactive, balanced and risk attuned culture within the Group; and
- Advising senior management, management level committees, board level risk committees and Board of Directors of the Group's entities on risk issues and their possible impact on the Group in the achievement of its objectives and strategies.

Risk Management Department of RHB Bank Berhad Brunei Branch's main function is to assess and manage the enterprise risk and liaise with regulators in Brunei. The team is supported by the risk management function from the Group, who specialise in the respective risks and oversight of Group-wide risk management function, such as Group Wholesale Credit Risk Management, Group Climate Risk Management, Group Community Banking Credit Risk Management, Group Market Risk Management, Group Asset and Liability Management, Group Non-Financial Risk Management, Group Technology and Cyber Risk Management, Risk Strategy & Transformation and Enterprise Risk Insights, Enterprise Risk Management, Group Wholesale Banking Credit Management, Group Community Banking Credit Management and Investment Banking & Regional Risk.

### **Risk appetite**

The Board of Directors sets the risk appetite and tolerance level that are consistent with the Group and each entity's overall business objectives and desired risk profile. It describes the types and level of risks the Group is prepared to accept in delivering its business strategies, and reported through various metrics that enable the Group to manage capital resources and shareholders' expectations.

The defined risk appetite and risk tolerance are periodically reviewed by the Management and the Board in line with the Group's business strategies and operating environment. Such review includes identifying and setting new risk appetite metrics for the business entity or removal of risk appetite metrics that are no longer applicable as well as updates on the risk appetite thresholds to be in line with the Group's business strategy and risk posture.

### **Risk culture**

The Group including RHB Bank Berhad Brunei Darussalam Bank subscribes to the principle of 'Risk and Compliance is Everyone's Responsibility' and hence, risk management is one of the core responsibilities of the respective businesses and operating units.

RHB Group leverages on behavioural analytics and insights in our differentiated approach to cultivate the desired risk culture behaviours. In 2025, we further enhanced our support to the Business Risk and Compliance Officer (BRCO)s/Business Risk Officer (BRO)s/Business Compliance Officer (BCO)s via an expanded risk culture dashboard at the Group level, enabling near to real-time access to actionable insights for preventing and correcting undesirable behaviours. Additionally, the Group continued developing Machine Learning based behavioural analytics models with early warning capabilities to strengthen oversight of the second Line of Defence and overlay existing controls at the first line of defence. These were complimented by targeted messaging via trainings, awareness campaigns, roadshows and tone from the top messaging via comic strips to shape the desired risk culture behaviours.

### **Risk management process**

The risk management process identifies, assesses and measures, controls, monitors and reports/analyses risk. This ensures that risk exposures are adequately managed and that the expected return compensates for the risk taken.

- **Identification:** The identification and analysis of the existing and potential risks is a continuing process, in order to facilitate and proactive and timely identification of risk within the Group's business operations, including emerging risks. This ensures that risks can be managed and controlled within the risk appetite of the Group and specific entity, where necessary.
- **Assessment and Measurement:** Risks are measured, assessed and aggregated using comprehensive qualitative and quantitative risk measurement methodologies, and the process also serves as an important tool as it provides an assessment of capital adequacy and solvency.
- **Controlling:** Risks identified during the risk identification process must be adequately managed and mitigated to control the risk of loss. This is also to ensure risk exposures are managed within the Group's or entity's risk appetite.
- **Monitoring:** Effective monitoring process ensures that the Group is aware of the condition of its exposures vis-à-vis its approved appetite and emerging risk trend to facilitate early identification of potential problem on a timely basis by using continuous and on-going monitoring of risk exposures and risk control/mitigation measures.
- **Analytics and Reporting:** Risk analysis and reports are prepared by the respective entities and at a consolidated level as well as business level and are regularly escalated to the senior management and relevant Boards of the Group's entities to ensure that the risks identified remain within the established appetite and to support an informed decision making process. Reporting and analytics are also being continuously enhanced to provide the necessary information to relevant stakeholders within the Group to facilitate more effective decision making.

In addition, risk management seeks to ensure that risk decisions are consistent with strategic business objectives and within the risk appetite.

### **Risk documentation**

The Group recognises that effective implementation of its risk management system and process must be supported by a robust set of documentation and infrastructure. To this end, the Group has established frameworks, policies and other relevant control documents to ensure clearly defined practices and processes are implemented consistently across the Group. Documents are subject to a robust review process to ensure they remain current.

### **Risk infrastructure**

The Group has organised its resources and talents into specific functions, and invested in the technology, including data management to support the Group's risk management activities. Staff have clear roles and responsibilities, given access to relevant and up-to-date risk information, and the latitude to continuously enhance competency through learning and development programs.

Risk systems and tools are designed to provide accessibility of risk information that complement the risk management process. The availability of data for analytics and monitoring, and dashboards and reporting assists in continuously enhancing risk management capabilities. The Group's Risk Management Report has evolved to be more analytically driven with dashboards including elements of quantitative and qualitative forward looking projections.

Effective risk management requires the Group to continuously review its risk management capabilities to effectively manage risk and to improve risk management practices across the Group. Therefore, the Group has embarked on transformation journeys striving for improvements for better efficiency and effectiveness.

In line with the Group's PROGRESS27 strategy, Group Risk & Credit Management has developed a comprehensive three-year strategic plan to strengthen resilience, improve agility, meet regulatory expectations, and support RHB's growth and cost optimisation initiatives.

The main financial risks that the Branch is exposed to and how they are being managed are set out below.

**(i) Credit risk**

Credit risk is the risk of loss arising from customers' or counterparties' failure to fulfil their financial and contractual obligations in accordance with the agreed terms. It stems primarily from the Branch's lending/financing, trade finance, placement, investment, hedging and trading activities from both on- and off-balance sheet transactions.

Credit risk management is conducted in a holistic manner. Credit underwriting standards are articulated in an approved Branch credit policy and guidelines which are developed for the assurance of asset quality that is in line with the Branch's risk appetite. Industry best practices are instilled in the continual updating of the Branch credit policy and guidelines including independent assessment of credit proposals, assignment of rating and adoption of multi-tiered delegated lending authorities spanning from individuals to credit approving committees.

Group Credit Committee ("GCC") is responsible for ensuring adherence to the Board's approved credit risk appetite as well as the effectiveness of credit risk management. GCC is the senior management committee empowered to approve or reject all financial investments, counterparty credit and lending/financing up to the defined threshold limits. The Board Credit Committee's (BCC) main functions are (i) affirming, vetoing or imposing more stringent conditions on credits of the Branch which are duly approved by the GCC (ii) overseeing the management of impaired and high risk accounts and (iii) approving credit transactions to connected parties up to the defined threshold limits, (iv) approving Policy Loans/Financing.

The Branch also ensure that internal processes and credit underwriting standards are adhered to before credit proposals are approved. All credit proposals are firstly assessed for its credit worthiness by the originating business units before being evaluated by an independent credit evaluator in Head Office and decided upon by the delegated lending/financing authority/relevant committees. For proper checks and controls, joint approval is required for all discretionary lending between business and independent credit underwriters. Loans/financing which are beyond the delegated lending authority limits will be escalated to the relevant committees for approval.

The analysis of any single large exposure and Branch of exposures is conducted regularly. The Strategic Business Units (SBUs) undertake regular account updates, monitoring and management of these exposures.

Credit reviews and rating are conducted on the credit exposures at least annually. Specific loans/financing may be reviewed more frequently under appropriate circumstances. Such circumstances may arise if, for instance, the Branch believes that heightened risk exists in a particular industry, or the borrower/customer exhibits early warning signals such as default on obligations to suppliers or other financial institutions or is facing cash flow or other difficulties.

Regular risk reporting is made to the MANCO and Asset Management Committee (AMC). These reports include various credit risk aspects such as portfolio quality, and concentration risk exposures by industry and customer type. Such reporting allows senior management to identify adverse credit trends, take prompt corrective actions, and ensure appropriate risk-adjusted decision-making. The Branch also conducts regular credit stress tests to assess the credit portfolio's vulnerability to adverse credit risk events.

### **Credit exposure by stage**

Financial assets are classified into three stages as below:

<b>Stages</b>	<b>Description</b>
Stage 1: 12 months ECL - not credit impaired	For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within the next 12 months will be recognised.
Stage 2: Lifetime ECL - not credit impaired	For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the ECL associated with the probability of default events occurring within the lifetime ECL will be recognised.
Stage 3: Lifetime ECL - credit impaired	Financial assets are assessed as credit impaired when one or more objective evidence of default that has a detrimental impact on the estimated future cash flows of that asset has occurred. For financial assets that have become credit impaired, a lifetime ECL will be recognised.

**For further details on stages, refer to accounting policy Note 3.5.**

### **Write-off policy**

The Branch write-off financial assets, in whole or in part when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Branch's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

A write-off constitutes a derecognition event. The Branch may apply enforcement activities to financial assets written-off. Recoveries resulting from the Branch's enforcement activities will be written back as bad debts recovered in the statement of total comprehensive income.

The contractual amount outstanding on loans, advances and financing and securities portfolio that were written off during the financial year ended 31 December 2025, and are still subject to enforcement activities was B\$130.

## Maximum exposure to credit risk

The maximum exposure to credit risk at the statement of financial position date is the amount on the statement of financial position as well as off-balance sheet financial instruments, without taking into account any collateral held or other credit enhancements. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Branch 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.

The table below shows the credit exposure of the Branch as at 31 December that are subject to impairment:

	2025	2024
<i>Credit risk exposure relating to on-balance sheet assets:</i>		
Short term funds (exclude cash on hand)	113,960	77,217
Balances with BDCB	7,241	8,289
Branch balances receivable	1,826	1,732
Government bonds	7,500	16,100
Loans and advances to customers, net	58,046	57,728
Other financial assets	1,703	2,549
	190,276	163,615
<i>Credit risk exposure relating to off-balance sheet items:</i>		
Commitments and contingencies	10,855	12,159

## Financial assets - credit quality

Loans and advances to customers analysed by stages as at 31 December 2025:

	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Balance as at 1 January 2025	55,095	2,031	1,242	58,368
Changes due to financial assets recognised in the opening balance that have been:				
Transferred to 12-month ECL (Stage 1)	549	(549)	-	-
Transferred to Lifetime ECL not credit impaired (Stage 2)	(4,162)	4,162	-	-
Transferred to Lifetime ECL credit impaired (Stage 3)	-	(51)	51	-
Origination	7,353	1,084	104	8,541
Derecognition	(6,596)	(1,335)	(191)	(8,122)
Amount written-off	-	-	(130)	(130)
Gross loans and advances	52,239	5,342	1,076	58,657
Allowance for credit losses	(265)	(70)	(276)	(611)
Balances as at 31 December 2025	51,974	5,272	800	58,046

Loans and advances to customers analysed by stages as at 31 December 2024:

	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Balance as at 1 January 2024	59,392	1,928	1,163	62,483
Changes due to financial assets recognised in the opening balance that have been:				
Transferred to 12-month ECL (Stage 1)	522	(522)	-	-
Transferred to Lifetime ECL not credit impaired (Stage 2)	(1,085)	1,085	-	-
Transferred to Lifetime ECL credit impaired (Stage 3)	(592)	-	592	-
Origination	4,868	163	-	5,031
Derecognition	(8,010)	(623)	(446)	(9,079)
Amount written-off	-	-	(67)	(67)
Gross loans and advances	55,095	2,031	1,242	58,368
Allowance for credit losses	(239)	(48)	(353)	(640)
Balances as at 31 December 2024	54,856	1,983	889	57,728

Movement in allowance for credit losses included within loans and advances to customers is as follows:

	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Balance as at 1 January 2025	238	48	354	640
Changes due to financial assets recognised in the opening balance that have been:				
Transferred to 12-month ECL (Stage 1)	3	(3)	-	-
Transferred to Lifetime ECL not credit impaired (Stage 2)	(15)	15	-	-
Transferred to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
	226	60	354	640
Allowance provided during the financial year	39	10	52	101
Bad debts written-off	-	-	(130)	(130)
Balances as at 31 December 2025	265	70	276	611

	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Balance as at 1 January 2024	207	47	100	354
Changes due to financial assets recognised in the opening balance that have been:				
Transferred to 12-month ECL (Stage 1)	39	(39)	-	-
Transferred to Lifetime ECL not credit impaired (Stage 2)	(3)	3	-	-
Transferred to Lifetime ECL credit impaired (Stage 3)	(1)	-	1	-
	242	11	101	354
Allowance provided during the financial year	(4)	37	320	353
Bad debts written-off	-	-	(67)	(67)
Balances as at 31 December 2024	238	48	354	640

Credit risk exposure is also analysed by industry in respect of the Branch's financial assets, including off-balance sheet financial instruments as set out below:

	Loans and advances	Letters of credit, guarantees and bonds	Undrawn credit lines
By industry sector:			
Construction and property financing	30,140	-	2,777
Traders	20,525	841	5,881
Personal and consumption loans	2,463	-	201
Services	2,304	-	234
Tourism	1,659	5	8
Manufacturing	1,048	54	49
Transportation	518	18	50
Telecommunication and IT	-	-	200
Agriculture	-	3	44
Financial	-	490	-
Gross loans and advances	58,657	1,411	9,444
Less: Allowance for credit losses	(611)	-	-
Balance as at 31 December 2025	58,046	1,411	9,444

31 December 2024	Loans and advances	Letters of credit, guarantees and bonds	Undrawn credit lines
By industry sector:			
Construction and property financing	30,329	-	1,941
Traders	18,546	2,694	5,619
Services	3,158	-	166
Personal and consumption loans	2,617	2	866
Tourism	1,859	10	4
Manufacturing	1,193	-	72
Transportation	666	17	32
Telecommunication and IT	-	-	200
Agriculture	-	4	42
Financial	-	490	-
Gross loans and advances	58,368	3,217	8,942
Less: Allowance for credit losses	(640)	-	-
Balance as at 31 December 2024	57,728	3,217	8,942

31 December 2025	Loans and advances	Letters of credit, guarantees and bonds	Undrawn credit lines
By customer type:			
Commercial	40,019	1,411	8,719
Retail	18,638	-	725
Gross loans and advances	58,657	1,411	9,444
Less: Allowance for credit losses	(611)	-	-
Balance as at 31 December 2025	58,046	1,411	9,444

31 December 2024	Loans and advances	Letters of credit, guarantees and bonds	Undrawn credit lines
By customer type:			
Commercial	41,405	3,217	7,623
Retail	16,963	-	1,319
Gross loans and advances	58,368	3,217	8,942
Less: Allowance for credit losses	(640)	-	-
Balance as at 31 December 2024	57,728	3,217	8,942

## Collateral accepted as security for loans and advances

Collaterals and other security enhancements held against loans and advances as at 31 December are as follows:

	2025	2024
Secured loans and advances:		
Mortgage of properties	41,901	40,907
Cash	15,044	15,752
Guarantees	559	569
Machineries	159	93
Motor vehicles	518	667
Unsecured loans and advances:		
Mortgage of properties	476	380
Gross loans and advances	58,657	58,368
Less: Allowance for credit losses	(611)	(640)
Balance as at 31 December	58,046	57,728

Security coverage of impaired loans and advances:

	2025	2024
Secured by cash / mortgage of properties	1,076	1,242

The Branch's accounting policy for the valuation of collateral related to loans and advances is consistent with IFRS 9. For secured financing products, the collaterals are valued primarily based on type and is determined by a qualified management expert looking at the recent sale prices of similar assets.

### (ii) Market risk

Market risk is the risk of losses arising from adverse movements in market drivers, such as interest rates, credit spreads, equity prices, currency exchange rates and commodity prices. Under this definition, market risk will constitute:

- The interest rate and equity risks pertaining to financial instruments in the trading book; and
- Foreign exchange risk and commodities risk in the trading and banking books.

Market liquidity risk is the risk of financial loss caused by inability to secure market transactions at the required volume or price levels as a result of market turbulence or lack of trading liquidity.

As at 31 December 2025 and 2024, the Branch is not exposed to significant market risk due to the nature and classification of its financial instruments.

### Foreign exchange risk

Foreign exchange risk is the risk of holding or taking positions in foreign currencies, including gold and silver. The Branch's foreign exchange exposures comprise non-trading foreign exchange exposure principally derived from inter-branch nostro accounts. As most of the foreign exchange exposure is to Singapore Dollar (SGD), the Branch is not exposed to significant foreign exchange risk due to the Currency Interchangeability Agreement between Singapore and Brunei which interchange the two currencies at par.

### Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk in the banking book refers to the risk to Branch's earnings and economic value of equity due to the adverse movements in interest rate. The risk may arise from the mismatches in the timing of repricing of assets and liabilities from both on and off-balance sheet positions in the banking book, changes in slope and shape of the yield curve, basis risk and optionality risk.

Earnings-at-Risk (EaR) and Economic Value of Equity (EVE) are used to assess IRRBB. RHB Bank Berhad – Brunei Darussalam Branch adopted Head Office’s methodology in measuring EaR and EVE. They are computed based on the repricing gap profile of the banking book using Bank Negara Malaysia’s (BNM) standard template. Assets and liabilities are bucketed based on their remaining tenure to maturity or next re-price dates. The non-maturing fixed rate loans balances are slotted in more than 1 week to 1 month (5%) and in more than 1 to 2 years (95%) time buckets. 33% of the non-maturing deposits (NMD) are slotted in more 1 week to 1 month as non-core balance and 67% of the NMD balances are slotted in more than 1 to 2 years’ time bucket as core balances. The measurement of EaR and EVE is conducted on a monthly basis.

The Group ALCO supports the Board Committees by performing the critical role in oversight of balance sheet risk, liquidity risk and market risk. Group ALCO meets regularly to review and assess potential risk arising from IRRBB, liquidity and market risk, deliberate business strategies and risk mitigation plans on the back of prevailing market condition and business landscape. Guided by Group Interest Rate Risk/Rate of Return Risk in the Banking Book Policy, Branch manages IRRBB in adherence to established governance structure and process. Monthly EaR and EVE are measured, controlled and monitored against risk limits set. These are supplemented with projections to assess potential risk arising from changes in balance sheet structure and market environment.

In order to achieve a balance between profitability from banking activities and minimising risk to earnings and capital from changes in interest rate, interest rate risk to earnings is controlled using Management Action Triggers (MATs) and identified escalation procedures. Stress testing is also performed to determine the adequacy of capital in meeting the impact of extreme interest movements on the balance sheet. Such tests are performed to provide early warnings of potential extreme losses, facilitating proactive management of interest rate risk in the banking book in an environment of rapid financial market changes.

At the reporting date, the interest rate profile of the Branch’s interest-bearing financial instruments is as follows:

	2025	2024
Fixed-rate assets	111,162	86,219
Floating-rate assets	58,657	58,368
Fixed-rate liabilities	(113,195)	(88,694)
	56,624	55,893

The tables below set out the effect on future net interest income of a parallel movement of plus or minus 100 basis points (bps) in all yield curves to (a) net profit; and (b) economic value, assuming no management actions as at 31 December:

Change in projected net interest income arising from a shift in the yield curves of:	2025			
	Increase (decrease) in net profit		Increase (decrease) in economic value	
	+100 bps	- 100 bps	+100 bps	- 100 bps
BND - Brunei Dollar	70	(70)	(827)	827
SGD - Singapore Dollar	493	(493)	499	(499)
Others	1	(1)	-	-
<b>Total</b>	<b>564</b>	<b>(564)</b>	<b>(328)</b>	<b>328</b>

Change in projected net interest income arising from a shift in the yield curves of:	2024			
	Increase (decrease) in net profit		Increase (decrease) in economic value	
	+100 bps	- 100 bps	+100 bps	- 100 bps
BND - Brunei Dollar	177	(177)	(694)	694
SGD - Singapore Dollar	398	(398)	337	(337)
Others	7	(7)	-	-
<b>Total</b>	<b>582</b>	<b>(582)</b>	<b>(357)</b>	<b>357</b>

### (iii) Liquidity risk

Liquidity risk is the risk of the Branch being unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due and transact at a reasonable cost. Liquidity risk also arises from the inability to manage unplanned decreases or changes in funding sources.

Periodic reports are presented to the Bank's Management Committee (MANCO) and Branch Asset Liability Committee (ALCO). The Branch ALCO supports the BRC by performing the critical role in oversight of balance sheet risk. The Branch ALCO meets regularly to review and assess potential risk arising from Interest rate/rate of return risk in banking book, liquidity and market risk, deliberate business strategies and risk mitigation plans on the back of prevailing market condition and business landscape.

The Branch's Liquidity Policy Statement sets out the framework for liquidity risk management and control, whereas the Branch Liquidity Incident Management Plan Guideline stipulates guidance on managing liquidity crisis covers contingency plans to address its liquidity incidents. Liquidity is managed both quantitatively and qualitatively, involving monitoring of large depositors, economic conditions, financial markets and competitive environments.

The following table shows cash flow analysis of the Branch's financial assets and liabilities by remaining contractual maturities on an undiscounted basis. Actual maturity dates may differ from contractual maturity dates due to behavioural patterns such as early withdrawal of deposits or loans.

31 December 2025	Carrying amount	Gross nominal	Less than 3 months	3 to 6 months	6 to 12 months	Over 1 year
<b>Assets</b>						
Cash and short-term funds	118,153	119,777	47,880	14,551	57,346	-
Balances with BDCB	7,241	7,241	7,241	-	-	-
Branch balances receivables	1,826	2,034	2,034	-	-	-
Government bonds	7,500	7,651	7,651	-	-	-
Loans and advances to customers	58,046	61,195	27,583	3,857	484	29,271
Other assets*	928	928	622	96	210	-
<b>Total assets</b>	<b>193,694</b>	<b>198,826</b>	<b>93,011</b>	<b>18,504</b>	<b>58,040</b>	<b>29,271</b>
<b>Liabilities</b>						
Deposits from customers	131,499	132,389	19,488	27,622	74,333	10,946
Deposits from banks and other financial institutions	532	532	532	-	-	-
Branch balances payable	13,747	13,800	13,800	-	-	-
Other liabilities	3,826	3,826	3,156	285	385	-
Lease liabilities	93	95	41	41	13	-
<b>Total liabilities</b>	<b>149,697</b>	<b>150,642</b>	<b>37,017</b>	<b>27,948</b>	<b>74,731</b>	<b>10,946</b>

\* Excludes prepayments and miscellaneous

31 December 2024	Carrying amount	Gross nominal	Less than 3 months	3 to 6 months	6 to 12 months	Over 1 year
<b>Assets</b>						
Cash and short-term funds	83,075	85,198	38,509	11,402	35,287	-
Balances with BDCB	8,289	8,289	8,289	-	-	-
Branch balances receivables	1,732	1,937	1,937	-	-	-
Government bonds	16,100	16,492	16,492	-	-	-
Loans and advances to customers	57,728	61,037	25,218	3,457	206	32,156
Other assets*	921	921	569	220	132	-
<b>Total assets</b>	<b>167,845</b>	<b>173,874</b>	<b>91,014</b>	<b>15,079</b>	<b>35,625</b>	<b>32,156</b>
<b>Liabilities</b>						
Deposits from customers	111,522	113,577	26,684	19,447	54,585	12,861
Deposits from banks and other financial institutions	407	407	407	-	-	-
Branch balances payable	8,365	8,695	8,695	-	-	-
Other liabilities	3,817	3,817	3,157	238	422	-
Lease liabilities	246	257	41	41	80	95
<b>Total liabilities</b>	<b>124,357</b>	<b>126,753</b>	<b>38,984</b>	<b>19,726</b>	<b>55,087</b>	<b>12,956</b>

\* Excludes prepayments and miscellaneous

#### (iv) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, system and/or external events, which also includes IT, legal and Shariah non-compliance risk but excludes strategic and reputational risk. Operational risk may result in direct financial losses as well as indirect financial losses (e.g. loss of business and market share) due to reputational damage.

The Branch applies a defined operational risk management process in managing operational risk to enable an institutional and transparent operational risk management practice. The five (5) processes are as follows: -

1. Establish the context,
2. Risk identification,
3. Risk analysis,
4. Risk mitigating and
5. Risk monitoring

Risk mitigation strategies are used to minimise risk to an acceptable level and aim to decrease the likelihood of an undesirable event and the impact on the business, should it occur. The control tools and techniques, amongst others, are as follows:

- Strengthening internal controls

Internal controls (i.e. control environment, risk assessment, control activities, information and communication, and monitoring) are designed to commensurate operational risk exposures faced by the Group. The Group monitors and regularly evaluates its internal control systems to ensure that they are operating effectively and to take account of changing internal and external conditions.

- Business Resilience and Continuity

To mitigate the impact of unforeseen operational risk events, the Group has on-going and actively managed Business Continuity Management (BCM) programme for its major critical business operations and activities at the Head Office, data centre, and branches' locations. There are ongoing continuous improvement initiatives to build operational resilience to ensure sustainability of critical services.

The BCM programme is subject to regular testing to validate the adequacy and preparedness of all resources to support critical and essential services in the event of disruption. BCM Programme is under the responsibility of the Group Business Continuity Management Department. The Board of Directors has an oversight function through the BRC and GCRC. The Group Business Continuity Committee, which reports to GCRC, is the committee that oversees the Group's business continuity framework, policies, budget and plans.

- Fraud Risk Management

Robust fraud risk management processes to manage threats from external sources and internally, are in place guided by the Group Fraud Risk Management Policy. The Branch constantly assesses and monitors fraud risk to ensure consistent organizational behavior through the development, implementation, and regular review of fraud prevention, detection, and response strategies.

- Outsourcing

Due to the need to outsource for cost and operational efficiency, policy and guidelines are put in place to ensure that the risks arising from outsourcing activities are adequately identified, assessed and managed prior to entering into any new arrangements and on an on-going basis.

- Insurance

The Branch has a programme of insurance designed to reduce its exposure to liability and to protect its assets. The Branch purchases insurance from leading insurers in the market covering fixed assets, Group term life and Group personal accident for the bank's employee. These are provided by third-party insurers providers and will financially mitigate the economic consequences of risks. The insurance arrangement is used to complement the management of operational risk and not as a substitute for a sound internal control environment.

## **Appendix I: BDCB Notice No. BUN-1/2017/36 Disclosure of Corporate Governance Arrangements**

### **Corporate Governance**

The Branch is headed by its Chief Executive Officer (CEO), as authorised by the Head Office, who assumes the responsibility for the Branch's leadership and, together with its management team, is collectively responsible for meeting the objectives and goals of the Branch.

The Head Office, through its Board of Directors (BOD), sets the RHB Branch's strategic aims, ensures that the necessary resources are in place for the RHB Branch to meet its objectives and reviews management performance. The BOD sets the RHB Branch's, including the Branch's, values and standards, and ensures that its obligations to its shareholders and other stakeholders are understood and met.

The corporate governance of the RHB Banking Branch can be found in the RHB Banking Branch's website through the link below:

<https://www.rhbgroup.com/others/about-us/corporate-governance.html>

#### **Corporate Governance Overview Statement**

<https://www.rhbgroup.com/-/media/Assets/Corporate-Website/HTML-Component/Section/Corporate-Governance-Link-Panel/files/corporate-governance-overview-statement.pdf>

#### **Corporate Governance Report**

<https://www.rhbgroup.com/-/media/Assets/Corporate-Website/HTML-Component/Section/Corporate-Governance-Link-Panel/files/corporate-governance-report.pdf>