

BASEL III, PILLAR 3 DISCLOSURES

Bermuda Commercial Bank Limited
March 31, 2026

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Introduction

Background

The information provided in this document relates to Bermuda Commercial Bank Limited ("BCB" or "the Bank") which is incorporated in Bermuda as a limited liability company. It is intended to be read in conjunction with the Bank's annual audited financial statements which are available on the Bank's website WWW.BCBANK.US and includes important details about the Bank and its wholly-owned subsidiaries' capital adequacy, risk management, and other information. The Pillar 3 disclosures for the period ended March 31, 2026 are prepared on a consolidated basis and are not based upon audited financial statements.

The Bank has a banking licence under the Bank and Deposit Companies Act, 1999 ("BDCA"). These disclosures are solely in the context of the local regulatory requirements and guidelines provided by the Bermuda Monetary Authority ("BMA" or "Authority") under Pillar 3 and Public Disclosure guidance as part of updated Basel III guidance notes for Bermuda Banks and Deposit Companies. The Pillar 3 disclosures have been designed to complement the minimum capital requirements in Pillar 1 as well as the Supervisory Review and Evaluation Process ("SREP") in Pillar 2. The accepted aim of Pillar 3 is to promote market discipline by allowing market participants access to information of risk exposures and risk management policies and processes adopted by the Bank.

Frequency

The disclosures in this report are required to be updated on a semi-annual basis and more frequently if significant changes to policies are made. This report has been updated as at March 31, 2026 and all policies disclosed within are effective at this time.

Report Conventions

The disclosures in this report are not based upon audited financial statements and have not been audited by an independent auditor and there is no requirement for this to be done. However, the disclosures have been prepared on a basis consistent with information submitted to the Authority and consistent with information provided for annual financial statements.

Basel III Framework

BCB monitors its capital position against the Basel III framework as implemented by the BMA. Basel III adopts Common Equity Tier 1 ("CET1") capital as the predominant form of regulatory capital. The BMA requires Bermuda banks to maintain minimum capital ratios as follows:

- CET1 must be at least 4.5% of Risk-Weighted Assets ("RWA");
- Tier 1 Capital must be at least 6.0% of RWA; and
- Total Capital must be at least 8.0% of RWA.

Effective 1st January 2025, BCB has implemented the amended Basel III framework for computation of Risk Weighted Assets & Regulatory Capital as issued by the BMA in February 2024.

The Pillar 2 SREP includes capital ratio add-ons, through which the Authority has prescribed a total minimum capital ratio in excess of the minimum Basel III requirements. In addition to the minimum capital ratios and Pillar 2 related add-ons prescribed by the Authority, the Basel III rules also provide for the following capital requirements:

- Capital Conservation Buffer ("CCB"): Set at 2.5% of RWAs and is composed of CET1 eligible capital.
- Countercyclical Buffer: To be composed of CET1 eligible capital. The Authority will assess the need for a buffer of up to 2.5% of RWAs during periods of excessive credit or periods exhibiting other macroeconomic pressures.

The Basel III rules also address the areas of Leverage, Liquidity and Funding. The Authority has adopted a minimum 5% Leverage Ratio calculated as the ratio of Tier 1 Capital to Total Exposure as calculated in the Basel III rule 4. The Authority has adopted the Liquidity Coverage Ratio ("LCR") with a minimum requirement of 100%. The LCR is designed to ensure that banks have a sufficient stock of unencumbered High-Quality Liquid Assets ("HQLA") that can be converted into cash easily and immediately in private markets to meet their liquidity needs for a 30-calendar day liquidity stress scenario. The LCR is calculated as HQLA divided by total net cash outflows over the period of the next 30 days. Total net cash outflows are calculated in accordance with rules prescribed by the BMA. The Authority has adopted a Net Stable Funding Ratio ("NSFR") with a minimum requirement of 100%. NSFR is defined as the amount of available stable funding relative to the amount of required stable funding, using a 1-year time horizon.

The Bank operates with a conservative and highly liquid balance sheet. During the quarter ended 31 March 2026, the Bank maintained an average balance of $229 million of high-quality liquid assets, held in cash and near cash instruments, reflecting a deliberate strategy to maintain a strong liquidity buffer.

The Bank's liquidity position is structured to meet its financial obligations as they fall due without reliance on external funding during periods of stress. Liquidity is actively managed through ALCO, supported by regular stress testing and full compliance with all regulatory liquidity requirements.

Scope of Application

The capital adequacy framework implemented in Bermuda applies to both BCB as a standalone legal entity and on a consolidated basis including its subsidiaries.

BCB has the following wholly-owned subsidiaries which are subject to consolidation requirements under IFRS and under the capital adequacy framework.

Name	Location
BCB Asset Management Limited	Bermuda
Bercom Nominees Limited	Bermuda
VT Strategies Holdings Limited	Bermuda

As at March 31, 2026, all subsidiaries are included in the Bank's consolidated statement of financial position and statement of income.

The consolidated financial statements as of 30th September of each year are subject to annual audit, by an independent external audit firm. Further, in respect to various statutory licenses, the Bank and its subsidiaries are subject to supervisory oversight and onsite inspection by the BMA.

Risk Management

Risk Management Framework

The Bank is exposed to a wide range of financial and non-financial risks and maintains a comprehensive approach to effectively manage these risks through a defined Enterprise Risk Management Framework ("ERMF"). This framework prescribes how risks are categorized and managed to ensure the Bank can achieve its strategic goals in a prudential and sustainable manner.

The Bank's ERMF is designed on core principles of maintaining a sound risk culture, delivering effective governance, ensuring all risks are clearly understood and appropriately prioritized with a forward-looking approach and the provision of robust monitoring and reporting.

Risk Culture

The fostering of a sound risk culture is a key responsibility of the Bank's Board and Executive Management. This is achieved by establishing and exercising accountability, promoting risk awareness and encouraging a proactive approach to the identification and mitigation of risks. These responsibilities are underpinned by an established Code of Conduct that prescribes the core values and behavioural expectations of the Bank and how these are governed to ensure transparency and integrity standards are maintained by all employees.

A wide range of training is provided on key risk topics to ensure appropriate technical risk skills are developed and maintained at all levels of the organisation whilst also raising awareness of critical risk issues. The Bank also ensures a safe environment for any staff member to confidentially escalate any concerns through provision of a whistleblowing framework. The Bank's risk culture is reinforced through its employee performance management framework and approach to remuneration which incorporates behavioural values.

The Three Lines

In line with industry standards, BCB adopts the three lines model which addresses how specific duties relating to risk and control are segregated and coordinated. All employees are responsible for identifying and managing risk within the scope of their role as part of this framework.

First Line (risk owners): All employees that work within the business units of the Bank. This includes client-facing staff as well as non-client facing support functions (e.g. Operations, Technology and Finance). Employees in the first line are accountable for risk-taking activities and the results, ramifications and opportunities of those activities; establishing appropriate operating procedures and internal control systems; performing regular assessments or testing of controls; monitoring risk exposures against established appetite; and reporting exceptions and incidents in a timely manner.

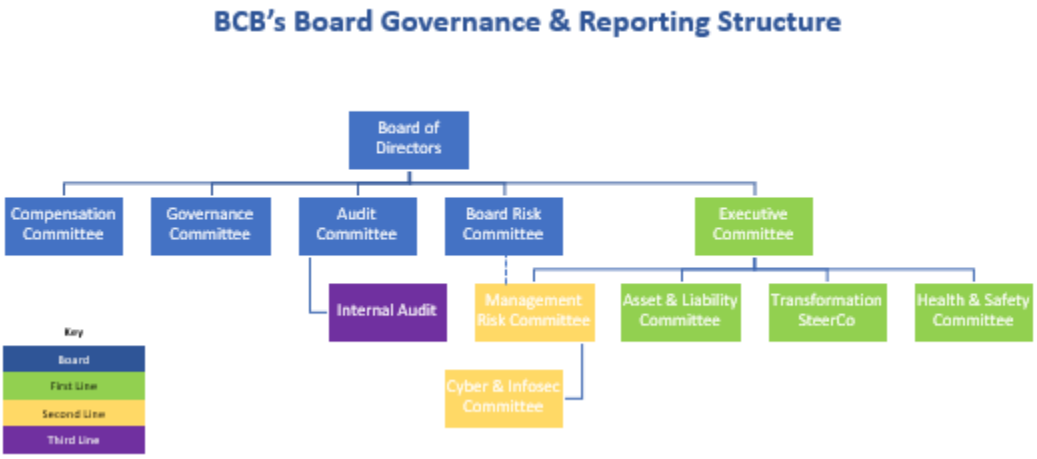
Second Line (risk oversight): Comprises the Risk and Compliance functions that provide guidance to, and oversight of, the first line through the setting of risk policies, limits and processes that ensure adherence to required standards and parameters. Critically this requires identification, measurement, monitoring and reporting of the Bank's aggregated risk exposures through the risk governance framework.

In addition to the above, there are other key operational functions that may have a combination of first and second line duties. These include Legal, Human Resources, Finance and Information Technology.

Third Line (risk assurance): The Internal Audit ("IA") function provides independent and objective assurance over the adequacy of design and operational effectiveness of the first-and second-line functions.

Governance

BCB's risk governance structure is defined by a clear and robust committee framework that facilitates both top down guidance and oversight as well as bottom-up escalation and aggregation of reporting. This structure defines key areas of authority and responsibility whilst establishing appropriate lines of reporting across the three lines.



- BCB Board of Directors (the "Board")

The Board is ultimately responsible for oversight of enterprise-wide risks through establishment and approval of the ERMF and sets the 'tone from the top' with regards to risk management expectations and requirements. In doing so, it sets BCB's risk appetite and defines the underlying governance structure that cascades authority and accountability to meet the requirements of this framework.

The Board reviews the ERMF at least annually to confirm that it remains fit for purpose and aligned to the evolving strategic and macroeconomic environment in which BCB operates.

The Board has delegated certain risk management oversight responsibilities to the following Board Committees. The Group Board approves and reviews the Terms of Reference for such Committees.

- The Board Risk Committee ("BRC")

BRC acts as the primary committee under the Board for oversight of BCB's adherence to the ERMF. It maintains broad responsibility over matters relating to the Bank's risk exposure, including definition, measurement, assessment, policy setting, and risk mitigation strategies. It translates the Board's 'tone from the top' and sets the expectations and requirements for risk management by BCB's Executive Management team and the underlying management committees.

- The Audit Committee ("AC")

The AC's purpose is to provide independent oversight and assurance to the Board over the integrity of the Bank's financial and control environment. It ensures the Bank's financial statements are accurate and trustworthy, that internal financial controls are properly designed and operating effectively, that audit functions (internal and external) are independent, effective and appropriately resourced and provides functional oversight of Internal Audit.

- The Governance Committee ("GC")

GC's remit is to oversee all Human Resources matters, policies and procedures and any other matters concerning Employees and management, including the appointment of members of the Board. It is responsible for HR matters including recruitment and retention decisions.

- The Compensation Committee

The Compensation Committee is responsible for setting the over-arching principles and parameters of compensation policy for BCB.

Below these Board level committees are a series of management level committees:

- Executive Committee ("EXCO")

EXCO is comprised of the senior executive leadership of the Bank and represents the primary first line forum. It is responsible for the oversight and management, including day-to-day operations and administration, of BCB, within the framework of the Bank's policies, terms of reference and such other directives as the Board may determine as well as first line management of Strategic & Reputational Risks. EXCO develops annual business and capital plans, budgets and other strategic initiatives for recommendation to and consideration by the Board and, to the extent approved by the Board, monitors and implements these plans, budgets and strategies.

- Transformation Steering Committee ("Steerco")

The Steerco is a sub-committee of EXCO charged with overseeing the Bank's transformation programme. It provides reporting on delivery of key initiatives, associated risks and acts a decision forum.

- The Health and Safety Committee ("HSC")

HSC is a sub-committee of EXCO charged with ensuring BCB adheres to the requirements of statutory Health and Safety laws and ensuring best practices are maintained to support the welfare of the Bank's employees.

- The Asset and Liability Management Committee ("ALCO")

ALCO is the primary first line management committee responsible for oversight and management of the Bank's Treasury and Market risk arising from management of BCB's assets and liabilities.

ALCO also monitors asset deployment limits, including investment limits, in order to monitor and manage the exposure of the portfolio to liquidity, interest rate and currency risk, and to ensure that the assets in the Bank's balance sheet are consistent with its risk appetite.

- The Management Risk Committee ("MRC")

MRC is the primary second line risk committee. It maintains a broad remit with responsibility for direct oversight of all Credit, Operational and Compliance Risks, as well as secondary oversight of Treasury, Market, Strategic and Reputational Risks. In doing so, it plays a critical role in the implementation of the ERMF through measurement and reporting on adherence to parameters defined in BCB's risk appetite statement. It facilitates a forward-looking assessment of Top and Emerging Risks and challenges first line management to ensure it has robust action plans to mitigate risks as they arise.

MRC maintains responsibility for oversight of the Bank's Operational Risk Management Framework (ORMF), including Risk Control Self Assessments (RCSAs), controls testing and incident management and approves risk policies and procedures. It maintains credit approval authorities as well as business assessment delegations to approve client selection and exits.

- The Cyber & Information Security Committee ("CISC")

CISC is charged with comprehensively assessing the Bank's ongoing identification, assessment and monitoring of cyber and information security risks.

Risk Management Lifecycle

BCB's risk management process is an ongoing cycle defined by the following key steps:

(i) Risk Identification

Risk identification is initially driven by the ERMF but subject to constant review through the risk governance structure which considers BCB's evolving strategy as well as the dynamic domestic and macroeconomic environment.

For the period ending March 31, 2026, BCB recognized 3 Principal Financial Risks (Credit Risk, Market Risk and Treasury Risk) and 3 Principal Non-Financial Risks (Operational Risk, Compliance Risk and Reputational & Strategic Risk). Underneath these 6 Principal Risks, the Bank categorises 27 Individual Risks that enable management at a granular level.

(ii) Risk Assessment

BCB's assessment and tolerance for risk is defined through its Risk Appetite Statement ("RAS"). The RAS is the Board's approved articulation of the level of risk that BCB is prepared to accept in the conduct of its business. It forms the basis for ongoing dialogue between management and the Board regarding BCB's current and evolving risk profile, facilitating strategic and financial decisions to be made on an informed basis.

(iii) Risk Monitoring & Control

Risks are monitored constantly across the ERMF. All management committees within the governance structure meet ordinarily at least monthly, with escalation and formal updates provided to BRC and the Board at least quarterly.
BCB's Operational Risk Management Framework ("ORMF") supports the monitoring of operational losses and underpins the assessment of identified controls through the Risk and Control Self-Assessment ("RCSA") process, the results of which are monitored through MRC with subsequent reporting to BRC.

BCB's control framework is also supported by a comprehensive set of policies and procedures that ensure adherence to the required risk standards. BCB's policies set out control objectives, principles and other core requirements for the activities of the Bank and the underlying procedures articulate the process through which these requirements are met and the responsibilities therein.

(iv) Risk Reporting

Accurate, timely and consistent management information supports the effective monitoring of BCB's risks in line with its defined RAS. All identified and assessed risk reports are aggregated through the MRC which enables a holistic and consistent view of the enterprise-wide risk landscape. This also ensures a full awareness by Executive Management and assessment of contagion, if any, across risk segments to be considered.

Stress Testing

BCB's risk management and capital planning is supported by a defined stress testing programme that assesses the Bank's current and projected capital adequacy under a range of scenarios. The stress testing results are embedded in the strategic planning process and management of risk appetite to ensure that sufficient capital, funding and liquidity are available at all times to support the Bank's growth plans and sustainably meet its regulatory requirements. BCB's stress testing enhances the Bank's understanding and mitigation of key risks with monthly

testing reported to ALCO and its annual testing, reported to MRC and BRC, that forms part of the Board approved annual Capital Assessment and Risk Profile ("CARP") submission to the BMA.

Agile Risk Management

BCB's governance framework ensures that risk management practices constantly evolve as the Bank executes its strategic plan. Any decisions to enter new market segments or launch new products and propositions are precipitated by a clear articulation of the associated risks and the setting of risk appetite and appropriate guard rails within which the strategy must be executed.

Key Prudential Metrics

The table below provides an overview of the Bank's key prudential regulatory metrics for the last 5 quarters. Effective 1st January 2025, BCB has implemented the new Basel III framework for computation of Risk Weighted Assets & Regulatory Capital.

Table 1: Key Metrics (KM1)

		a	b	c	d	e
		31-Mar-26	31-Dec-25	30-Sep-25	30-Jun-25	31-Mar-25
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	64,126	66,378	66,378	47,167	49,296
1a	Fully loaded ECL accounting model CET1	64,126	66,378	66,378	47,167	49,296
2	Tier 1	64,126	66,378	66,378	47,167	49,296
2a	Fully loaded ECL accounting model Tier 1	64,126	66,378	66,378	47,167	49,296
3	Total capital	64,126	66,378	66,378	47,167	49,296
3a	Fully loaded ECL accounting model total capital	64,126	66,378	66,378	47,167	49,296
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	219,488	143,066	162,275	171,709	169,305
4a	Total risk-weighted assets (pre-floor)	219,488	143,066	162,275	171,709	169,305
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	29.2%	46.4%	40.9%	27.5%	29.1%
5a	Fully loaded ECL accounting model CET1 (%)	29.2%	46.4%	40.9%	27.5%	29.1%
5b	CET1 ratio (%) (pre-floor ratio)	29.2%	46.4%	40.9%	27.5%	29.1%
6	Tier 1 ratio (%)	29.2%	46.4%	40.9%	27.5%	29.1%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	29.2%	46.4%	40.9%	27.5%	29.1%
6b	Tier 1 ratio (%) (pre-floor ratio)	29.2%	46.4%	40.9%	27.5%	29.1%
7	Total capital ratio (%)	29.2%	46.4%	40.9%	27.5%	29.1%
7a	Fully loaded ECL accounting model total capital ratio (%)	29.2%	46.4%	40.9%	27.5%	29.1%
7b	Total capital ratio (%) (pre-floor ratio)	29.2%	46.4%	40.9%	27.5%	29.1%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Total of bank CET1 specific buffer requirements (%)	2.5%	2.5%	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements (%)	22.2%	39.4%	33.9%	20.5%	22.1%
	Basel III Leverage ratio					
13	Total Basel III leverage ratio exposure measure	666,431	690,809	699,323	682,916	587,772
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	9.6%	9.6%	9.5%	6.9%	8.4%
14a	Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	9.6%	9.6%	9.5%	6.9%	8.4%
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	9.6%	9.6%	9.5%	6.9%	8.4%
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	9.6%	9.6%	9.5%	6.9%	8.4%
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	9.6%	9.6%	9.5%	6.9%	8.4%
	Liquidity Coverage Ratio (LCR)					
15	Total high-quality liquid assets (HQLA)	223,410	334,579	377,130	339,836	263,890
16	Total net cash outflow	68,738	107,230	121,100	122,021	93,310
17	LCR ratio (%)	325%	312%	311%	279%	283%
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	369,092	379,760	383,544	360,003	327,163
19	Total required stable funding	254,001	189,109	179,161	184,079	167,341
20	NSFR ratio	145%	201%	214%	196%	196%

All amounts in '000's

As at March 31, 2026, the Bank is compliant with all minimum regulatory requirements. During Q1 2026, the Bank executed a balance sheet optimisation initiative to redeploy a portion of its excess stock of high-quality liquid assets (HQLA). As a result, total risk-weighted assets increased over the period, contributing to a reduction in both the regulatory capital ratio and the net stable funding ratio.

Capital and Risk Weighted Assets

Capital Management

BCB's approach to the management of capital focuses on ensuring that its capital base meets the current and future requirements to achieve strategic objectives and sustainably meet prevailing regulatory requirements. The Bank aims to maintain a sound and optimal capital base that supports the risks inherent in its business model and the markets in which it operates.

The capital management process is based on the following steps:

- Delivery of a robust Capital Risk Management Policy that outlines the framework BCB follows in its management of capital.
- The monitoring of the regulatory capital and adherence to internal targets required within the RAS that exceed the minimum regulatory requirements.
- Consideration of a forward-looking estimation of capital requirements based upon ongoing forecasting and strategic planning that ensures the Bank will remain adequately capitalised in the event of adverse economic scenarios.
- Regular reporting to ALCO, MRC, BRC, AC, the Board and the BMA.

A critical element of the capital risk management framework is the completion of a robust CARP document. The CARP's primary purpose is to inform the Board of the current and forward-looking assessment of the Bank's core risks and the required level of capital to support these. As such, the CARP is an integral part of the Bank's capital planning and budgeting process as well as its governance and strategic decision-making process. It is also a requirement of the BMA as part of its Supervisory Review and Evaluation Process within the Framework for Regulatory Capital Assessment.

BCB's CARP is presented to MRC and BRC before presentation to the Board for challenge and approval and then submitted to the BMA. The BMA assesses the Bank's CARP to determine adequacy against capital standards under the Basel framework and uses this document *inter alia* to determine any required capital add-ons over and above the minimum requirements that apply to all institutions. The standard minimum requirements together with the institutional-specific add-on defines the regulatory capital requirements for BCB.

Responsibility for overseeing the capital risk management framework is vested with ALCO and MRC.

Capital Structure

The capital structure of the Bank is comprised of Tier 1 capital which includes share capital, retained earnings, share premium, less any goodwill and intangibles. The Bank does not carry any Tier 2 capital.

Capital ratios for Tier 1 and Total Capital of BCB as at March 31, 2026 are set out below.

Table 2: Composition of regulatory capital (CC1)

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	58,939	h
2	Retained earnings	5,187	j
6	Common Equity Tier 1 capital before regulatory adjustments	64,126	
Common Equity Tier 1 capital: regulatory adjustments			
29	Common Equity Tier 1 capital (CET1)	64,126	
45	Tier 1 capital (T1 = CET1 + AT1)	64,126	
58	Tier 2 capital	-	
59	Total regulatory capital (= Tier 1 + Tier2)	64,126	
60	Total risk-weighted assets	219,488	
Capital adequacy ratios and buffers			
61	Common Equity Tier 1 capital (as a percentage of risk-weighted assets)	29.2%	
62	Tier 1 capital (as a percentage of risk-weighted assets)	29.2%	
63	Total capital (as a percentage of risk-weighted assets)	29.2%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	2.5%	
65	Of which: capital conservation buffer requirement	2.5%	
68	Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements	22.2%	

All amounts in '000's.

The references (h) and (j) identify balance sheet components that are used in the calculation of regulatory capital – refer to Table 3

Table 3: Reconciliation of regulatory capital to balance sheet (CC2)

	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	31-Mar-26	31-Mar-26	
Assets			
Cash and cash equivalents	328,700	198,516	
Interest receivable	2,226	2,226	
Other assets	3,113	3,113	
Financial investments	171,389	301,573	
Loans and advances to customers	141,605	141,605	
Derivative financial instruments	57	57	
Property, equipment and computer software	15,897	15,897	
Total assets	**662,987**	**662,987**	
Liabilities			
Deposits	594,177	594,177	
Customer drafts payable	-	-	
Derivative financial instruments	57	57	
Other liabilities	4,865	4,865	
Interest payable	4,724	4,724	
Total liabilities	**603,822**	**603,822**	
Shareholders' equity			
Capital Stock	23,919	23,919	
Of which: amount eligible for CET1 capital	23,919	23,919	h
Share Premium	35,020	35,020	
Of which: amount eligible for CET1 capital	35,020	35,020	h
Retained earnings	5,187	5,187	j
Accumulated OCI	(4,962)	(4,962)	
Total shareholders' equity	**59,165**	**59,165**	

All amounts in '000's.

The references (h) and (j) identify balance sheet components that are used in the calculation of regulatory capital – refer to Table 2

The main difference between the carrying values under regulatory scope and as reported in the financial statements is due to HQLA maturing in the next 30 days is included within Cash & Cash Equivalents in the financial statements versus under Financial Investments for regulatory scope.

Risk Weighted Assets ("RWAs")

RWAs are a risk-based measure of exposures used in assessing overall capital usage of the Bank. When applied against eligible regulatory capital, the Bank's overall capital adequacy is determined. RWAs are calculated in accordance with BMA Prudential Standards. The Bank's total RWAs as at March 31, 2026 are set out below.

Table 4: Overview of Risk Weighted Assets (OV1)

		a	b	c
		RWA		Minimum capital requirements
		31-Mar-26	31-Dec-25	31-Mar-26
1	**Credit risk (excluding counterparty credit risk)**	**195,555**	**119,566**	**15,644**
2	Of which: standardised approach (SA)	195,555	119,566	15,644
6	**Counterparty credit risk (CCR)**	**57**	**26**	**5**
7	Of which: standardised approach for counterparty credit risk	57	26	5
20	**Market risk**	**1,838**	**1,436**	**147**
21	Of which: standardised approach (SA)	1,838	1,436	147
24	**Operational risk**	**22,038**	**22,038**	**1,763**
29	**Total**	**219,488**	**143,066**	**17,559**

All amounts in '000's

Leverage Ratio

The Basel III framework introduced the leverage ratio as a non-risk-based measure to supplement the risk-based capital requirements. The table below provides a reconciliation of the accounting assets and the leverage denominator.

Table 5: Summary comparison of accounting assets vs. leverage ratio exposure (LR1)

		a
1	Total consolidated assets as per published financial statements	662,987
8	Adjustments for derivative financial instruments	57
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	3,387
13	**Leverage ratio exposure measure**	**666,431**

All amounts in '000's

Table 6: Leverage ratio common disclosure template (LR2)

		a	b
		31-Mar-26	31-Dec-25
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	662,987	687,880
7	**Total on-balance sheet exposures** (excluding derivatives and SFTs)	662,987	687,880
Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin, with bilateral netting and/or the specific treatment for client cleared derivatives)	57	26
13	Total derivative exposures	57	26
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	8,796	7,854
20	(Adjustments for conversion to credit equivalent amounts)	(5,409)	(4,951)
22	Off-balance sheet items	3,387	2,903
Capital and total exposures			
23	Tier 1 capital	64,126	66,378
24	Total exposures	666,431	690,809
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	9.6%	9.6%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	9.6%	9.6%
26	National minimum leverage ratio requirement	5%	5%
Disclosure of mean values			
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	666,431	690,809
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	666,431	690,809
31	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.6%	9.6%
31a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.6%	9.6%

All amounts in '000's

Credit Risk

Overview

Credit risk refers to the risk of financial loss that the Bank faces should a customer or counterparty fail to meet an obligation under a contract, usually payment related. For BCB, credit risk mainly arises through deposits with other banks, financial investments and lending facilities extended to retail and corporate customers.

Credit Risk Management

Independent oversight of credit risk is provided by the Risk department, headed by the CRO, who holds overall responsibility for the management of credit policy and processes. The Bank's credit risk management framework is underpinned by thorough rules and standards prescribed in a comprehensive Credit Manual, under which various procedures and processes deliver sound lending practices. These are continuously updated and enhanced to ensure the management of credit risk is aligned to evolving strategic dynamics, local regulations and/or international banking and lending standards. The Bank consistently conforms to all statutory, regulatory, policy and prudential requirements in maintaining an adequately controlled credit risk environment which includes:

- Clear definition on the Bank's appetite for assuming credit risk in line with its stated strategy. This is provided within the RAS which defines all risk capacity, tolerance and appetite permissible under the Bank's ERMF;
- Effective segregation between first line owners of credit risk and the second line function;
- Well defined criteria for approving new exposures and renewing existing limits and establishing appropriate levels of authority for approving exposures, reflective of their size and complexity. Credit approval authorities for loans are specified under the Bank's Delegation of Authority Policy and Credit Manual which limits such authority to the Credit Manager, CRO and the CEO with exposures in excess of their specified individual limits requiring the authorization of the MRC or BRC;
- The CRO has responsibility for the Bank's Compliance function and is a member of MRC ensuring credit and compliance risks are aligned in assessing the overall risk profile of any borrower;
- Effective administration processes and reporting systems to ensure ongoing awareness and oversight of credit risk metrics, including management of exceptions, delinquencies and indicators of credit risk profile deterioration; and
- Policies that ensure that the Bank's credit decisions are free of conflicts of interest, commercially prudent, and that the terms and conditions attached to any lending, and in particular Related Party transactions, are conducted on a fully arm's length basis.

The Bank's Treasury department manages counterparty bank relationships within the provisions of the ALM Policy. The size of bank deposit limits is controlled by both the Bank's internal risk policies and by the Large Exposure limits stipulated by the BMA. All counterparty banks must be approved by ALCO and be supported by the CRO. The maximum amount that may be deposited with any single bank or money market fund is governed by a number of controlling variables within the Bank's ALM Policy including, *inter alia*, the external credit ratings for that bank. Counterparty banks with a rating lower than single-A are not used to place deposits. These limits are reviewed periodically and are adjusted as the capital of the Bank changes or if the rating of a counterparty bank falls below the single-A level.

All lending exposures are risk rated during the process of approval in accordance with an approved risk ratings schedule. In accordance with policy, all credit exposures shall be subject to periodic reviews, at minimum annually, and upon each review the risk ratings are reviewed and updated.

Credit risk arising from the Bank's corporate fixed income investment portfolio is controlled through an approved Investment Advisor Mandate which sets limits at a portfolio and individual security level. These limits prescribe the requirements for any new bond purchases recommended by the Bank's third-party investment advisor and are aligned to the Bank's risk appetite. The ultimate decision to purchase or sell a bond rests with the Bank. Ongoing management of the credit risk within the investment book is undertaken by the CFO and CRO, supported by the investment advisor, with oversight provided through ALCO.

Credit Risk Concentrations

Credit concentration risk may arise as a result of the credit portfolio having a skewed distribution of exposures across different segments or counterparties. The segments may consist of certain industries, geographical regions or correspond to individual counterparties or counterparty groups. Problems with the financial soundness of any of these segments has the potential to produce losses large enough (relative to a bank's capital, total assets, or overall risk level) to threaten a bank's health or ability to maintain its core operations.

To mitigate this risk, the Bank's internal policies are designed to create a well-diversified and controlled balance sheet by limiting investments or placement by counterparty, currency, geography and industry. The Bank remains compliant with the Large Exposure limits imposed by the BMA.

Credit Risk Exposures

The table below details the BCB consolidated regulatory credit risk exposures as at March 31, 2026 based upon the BMA Revised Framework for Regulatory Capital Assessment guidance.

Table 7: Credit quality of assets (CR1)

		a	b	c	d	e	g
		Gross carrying values of		Allowances/ Impairments	Of which ECL accounting provisions for credit losses on SA exposures		Net Values
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	(a+b-c)
1	Loans	5	142,000	(67)	(67)	-	141,938
2	Debt Securities	1,722	301,706	-	-	-	303,428
3	Off-balance sheet exposures	-	3,444	-	-	-	3,444
4	**Total**	**1,727**	**447,151**	**(67)**	**(67)**	**-**	**448,811**

All amounts in '000's

In line with IFRS 9 – Financial Instruments, debt securities as of March 31, 2026 include investments measured at Fair Value through Other Comprehensive Income ("FVOCI") and Fair Value through Profit or Loss ("FVTPL"). FVTPL securities are exempt from IFRS 9 impairment requirements as those positions are measured at mark-to-market value ("MTM") by recognizing the MTM movements directly in the Bank's Consolidated Statement of Income. Further, since the debt securities as of March 31, 2026 are presented at fair value in line with IFRS 9 and IFRS 13, the impairment allowance applicable to debt securities are presented separately as part of the Accumulated Other Comprehensive Income ("OCI"). Therefore, unlike for loans, the impairment allowances are not deducted from the gross value of investments.

A loan is categorized as defaulted for expected credit losses ("ECL") purposes if the:

- Asset/Loan is more than 90 days past due; or
- Asset/Loan presents a risk of not being paid back in full (regardless of the outstanding amount and past due days) due to significant credit impaired incidents noted by the Bank.

For debt instruments in the investment portfolio, securities that failed to make principal payments are considered as defaulted.

Impairment of Financial Assets

The impairment of financial assets is estimated in accordance with IFRS 9. IFRS 9 uses a forward-looking approach to recognize ECL for all debt-type financial assets that are not measured at FVTPL. ECL allowances applicable to financial assets measured at amortized cost ("AC") are deducted from the gross carrying value of the respective financial asset while the ECL allowances applicable to financial assets measured at FVOCI are recognized in Accumulated OCI. The movements in ECL allowances are recognized in the Consolidated Statement of Income.

ECL allowances are a probability-weighted estimate of credit losses that are expected to arise over the life of the asset (lifetime expected credit loss), unless there has been no 'significant increase in credit risk' since origination (12 month expected credit loss). Accordingly, an assessment is performed at the end of each quarter to evaluate whether a financial instrument's credit risk has increased significantly since its initial recognition.

Financial assets (including undrawn loan commitments) are categorized into the following groups based on the above assessment:

- Stage 1 includes debt instruments where there has not been any significant increase in credit risk since initial recognition. For financial instruments under stage 1, an allowance is required for ECLs resulting from default events that are possible within the next 12 months from the reporting date (i.e. 12 Months ECL).

- Stage 2 includes debt instruments where there has been a significant increase in credit risk since initial recognition on an individual or collective basis. For instruments under stage 2, an allowance is required for ECLs resulting from all possible default events over the expected life of the instrument (i.e. Lifetime ECL).

- Stage 3 includes debt instruments that are credit-impaired due to objective evidence of impairment. For instruments under Stage 3, an allowance is required to reduce the carrying value of the asset to its recoverable value.

Originated credit impaired assets (if any) are financial assets that are credit impaired on initial recognition. These are recorded at fair value at initial recognition and interest income is subsequently recognized based on a credit-adjusted effective interest rate ("EIR"). ECLs are only released following a recorded improvement in risk profile and/or subject to successful completion of a defined cure period if predicated on any distressed restructure and subject to formal approval. BCB currently does not hold Originated credit impaired assets.

The ECL allowance is an estimate and may vary from actual losses. This is because the provisioning under IFRS 9 is subject to various forward-looking assumptions such as the probability of default (PD), exposure at default (EAD) and loss given default (LGD). Due to the volatility, the inputs and the assumptions are continuously reviewed as new information is available, and the impact to the income statement and retained earnings are quantified as required by IFRS.

Recognition of Interest Income from Debt Instruments

Interest income is recognized for all interest-bearing instruments, on an accrual basis, using the effective interest rate method. Interest income from financial assets that are classified as Stage 3 for ECL purposes, is calculated by applying the effective interest rate to the net carrying value of the asset, which is the gross carrying amount less the applicable provision for ECL.

Difference in accounting and regulatory treatment

A financial asset is treated as "past due" when a counterparty has failed to make a payment when contractually due. However, the past due period is one of the several parameters considered in assessing whether there is a significant increase in credit risk to warrant an ECL allowance under IFRS 9. Therefore, an accounting provision may be required even when the financial asset is not past due. In contrast, under regulatory rules, a financial asset is treated as past due when the payment is ninety days past the contractual due date.

Table 8: Changes in stock of defaulted loans and debt securities (CR2)

		a
1	**Defaulted loans and debt securities at end of the previous reporting period**	**1,515**
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	211
6	**Defaulted loans and debt securities at end of the reporting period**	**1,727**

All amounts in '000's

Troubled Debt Restructure

A Troubled Debt Restructure ("TDR") occurs when the Bank grants a concession due to economic or legal reasons related to the financial position of a credit facility under the following conditions:

- The debtor must be experiencing financial difficulty.
- The creditor must grant a concession in consequence of the debtor's financial difficulty.

A TDR may be either performing or non-performing at the time of restructure. Reflective of the Bank's strong underwriting standards and portfolio quality, no lending facilities required restructuring during the period.

Credit Risk Mitigation

The following table reports the split between the Bank's secured and unsecured exposures as at March 31, 2026.

Table 9: Credit risk mitigation techniques - overview (CR3)

		a	b	c	d	e
		Exposures unsecured: carrying amount	**Exposures to be secured**	**Exposures secured by collateral**	**Exposures secured by financial guarantees**	**Exposures secured by credit derivatives**
1	Loans	1,851	140,087	140,087	35,086	-
2	Debt securities	288,680	14,748	14,748	-	-
3	**Total**	**290,532**	**154,835**	**154,835**	**35,086**	**-**
4	Of which defaulted	1,724	-	-	-	-

All amounts in '000's

The majority of the Bank's loan portfolio is secured via a secondary source of repayment of the debt if the borrower defaults. For residential and commercial property loans, the Bank takes a mortgage over the respective property supported by appropriate valuations using a panel of independent, qualified valuers. Throughout the outstanding term of certain exposures secured by real estate property, valuations on the properties are periodically updated to ensure appropriate coverage is maintained. The Bank requires that suitable insurance coverage is maintained through third party insurers to cover property risks with the Bank's interest noted.

Where appropriate the Bank uses a range of cash or alternative forms of acceptable collateral to collateralize lending exposures. The type and extent of security to be taken is determined through the credit underwriting analysis in line with credit policies and prudent credit risk management guidance which imposes conservative coverage covenants to mitigate credit risks on exposures. In addition to residential and commercial real estate mortgages and cash, the

types of collateral the Bank may also take as security include pledges over investment securities portfolios, legal charges over operating and fixed assets, assignments, debentures and guarantees.

The Bank operates a residential mortgage lending portfolio under a Government of Bermuda programme that provides concessionary terms to certain qualifying borrowers. These mortgages are underwritten to the Bank's required standards using market rates and the exposure is supported by a Government of Bermuda assurance scheme that acts as a tertiary form of repayment for BCB in the event that the borrower defaults.

Facility documentation is based on standardized templates approved by the Bank's legal department. For more complex or substantial exposures, approved independent external legal counsel may be engaged to prepare documentation, assisted by the Bank's legal department.

Standardised Approach

Table 10: Standardised approach - credit risk exposure and Credit Risk Mitigation ("CRM") effects (CR4)

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	219,958	-	219,958	-	-	0%
2	Non-central government public sector entities	41	-	41	-	21	50%
4	Banks						
	Of which: securities firms and other financial institutions	197,897	57	197,897	57	39,636	20%
6	Corporates	126,405	8,048	126,405	3,381	99,821	77%
8	Retail	50	748	50	6	56	100%
9	Real estate						
	Of which: general RRE	88,418	-	88,418	-	27,546	31%
	Of which: general CRE	3,767	-	3,767	-	2,739	73%
	Of which: land acquisition, development and construction	5,002	-	5,002	-	5,002	100%
10	Defaulted exposures	1,724	-	1,724	-	1,724	100%
11	Other assets	19,067	-	19,067	-	19,067	100%
12	**Total**	**662,329**	**8,853**	**662,329**	**3,444**	**195,612**	**29%**

All amounts in '000's

Table 11: Standardised approach - exposures by asset classes and risk weights (CR5)

		0%	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%	105%	110%	120%	130%	150%	250%	400%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
1	Sovereigns and their central banks	219,958			-						-										-					-				-	219,958
2	Non-central government public sector entities				-						41										-					-				-	41
3	Multilateral development banks	-			-		-				-										-					-				-	-
4	Banks				197,897		-		-		-					-					-					-				-	197,897
	Of which: securities firms and other financial institutions	-	-	-	197,897	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	197,897
5	Covered bonds		-	-	-	-		-			-										-									-	-
6	Corporates				12,391						27,258			-		24,693	-	-			62,063				-	-				-	126,405
	Of which: securities firms and other financial institutions				-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-		-	-	-		-	-
	Of which: specialised lending	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-		-	-	-	-	-	-	-	-	-	-		-	-
7	Subordinated debt, equity and other capital[6]																				-					-	-	-		-	-
8	Retail									-						-					50									-	50
9	Real estate	-			12,889	13,303	32,482	-	29,744	-	-		-	2,314	-	-		1,453	-	-	5,002	-	-	-	-	-	-	-		-	97,187
	Of which: general RRE	-			12,889	13,303	32,482		29,744		-			-	-	-		-			-					-				-	88,418
	Of which: no loan splitting applied	-			-	-	-		-		-			-	-	-		-			-					-				-	-
	Of which: loan splitting applied (secured)				-																									-	-
	Of which: loan splitting applied (unsecured)	-			-		-		-		-			-		-		-			-					-				-	-
	Of which: IPRRE						-	-		-			-			-						-				-				-	-
	Of which: general CRE	-			-		-		-		-		-	2,314		-		1,453			-					-				-	3,767
	Of which: no loan splitting applied	-			-		-		-		-		-	-																-	-
	Of which: loan splitting applied (secured)												-																	-	-
	Of which: loan splitting applied (unsecured)	-			-		-		-		-			-		-		-			-					-				-	-
	Of which: IPCRE														-				-				-			-				-	-
	Of which: land acquisition, development and construction																				5,002					-				-	5,002
10	Defaulted exposures										-										1,724					-				-	1,724
11	Other assets	-			-																19,067								-	-	19,067

All amounts in '000's

Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures

	Risk weight	a	b	c	d
		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
1	*Less than 40%*	-	**1,828**	-	-
2	*40–70%*	-	-	-	-
3	*75%*	-	-	-	-
4	*85%*	-	-	-	-
5	*90–100%*	-	**7,025**	**49%**	**3,444**
6	*105–130%*	-	-	-	-
7	*150%*	-	-	-	-
8	*250%*	-	-	-	-
9	*400%*	-	-	-	-
10	*1250%*	-	-	-	-
11	***Total exposures***	-	**8,853**	**49%**	**3,444**

All amounts in '000's

** Weighting is based on off-balance sheet exposure (pre-CCF).*

Counterparty Credit Risk

The Bank may use derivative instruments to hedge its exposure to market risk, for example foreign exchange and interest rate risk. Counterparty Credit Risk ("CCR") is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty have a positive economic value to BCB at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement of underlying market factors.

The Bank uses the current exposure method approach to calculate exposure values for CCR. Under this approach the EAD is calculated as marked-to-market valuation plus regulatory add-ons, to reflect residual potential volatility, which determines RWAs.

BCB's policy requires that all approved bank counterparties must:

- Have a tier one capital ratio greater than 10.0%.
- Have at least one long-term credit rating of A3/A-/A- (issued by Moody's, Standard & Poor's or Fitch), and be rated by the other two agencies at no less than BBB-.

The above criteria apply to all correspondent banks and FX counterparty banks, except the domestic Bermuda banks where nostro account balance limits can be approved by ALCO outside of the above criteria to allow for a smooth flow of payments to and from BCB across the local payments clearing system.

The BCB policy on broker dealers requires that all transactions are conducted on a delivery versus payment ("DvP") basis which ensures that delivery of securities is only made when or before payment has been received, thereby removing any settlement risk failure.

Derivative transactions are established with BCB's banking counterparties and governed by way of International Swaps and Derivatives Association ("ISDA") agreements, and supported by Credit Support Annex ("CSA") documents, which detail the collateral required to support exposure with a counterparty. The ISDA agreements provide for the settlement netting of payment obligations arising under all derivative contracts covered by the agreement.

The Bank is a Trading Member of the Bermuda Stock Exchange ("BSX"). The BSX is an exchange that functions as the domestic Central Securities Depository ("CSD") and Central Clearing Counterparty ("CCP") for Bermudian securities. BCB undertakes execution-only transactions through the BSX for a limited number of customers on a DvP basis.

A "wrong-way risk" may occur when exposure to a counterparty is negatively correlated with the credit quality of that counterparty. In such circumstances, there is a tendency for the exposure to increase as the creditworthiness decreases. This risk is considered as part of the approval process for any CCR exposure which takes into account eligible collateral to minimize the exposure.

The Bank uses an international securities custodian for the Bank's own investment holdings as well as securities held by the Bank in a fiduciary capacity for clients. Although no direct CCR is taken, the Bank undertakes prudential reviews of the securities custodian relationship on a periodic basis in line with relevant Policies.

Table 12: Analysis of CCR exposure by approach (CCR1)

		a	b	c	d	e	f
		Replacement cost	Potential future exposure	Effective EPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	57	-		1	57	57
6	**Total**						**57**

All amounts in '000's

Table 13: Standardised approach – CCR exposures by regulatory portfolio and risk weights (CCR3)

	a	b	c	d	e	f	g	h	i
Risk weight→ / **Regulatory portfolio↓**	**0%**	**10%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposure**
Banks	-	-	57	-	-	-	-	-	57
Total	**-**	**-**	**57**	**-**	**-**	**-**	**-**	**-**	**57**

All amounts in '000's

Table 14: Composition of collateral for CCR exposure (CCR5)

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – other currencies	-	-	5,787	-	-	-
Total	**-**	**-**	**5,787**	**-**	**-**	**-**

All amounts in '000's

Table 15: Exposures to sovereign entities by country (SOV1)

		a	b	c
		Banking book sovereign exposures (after CCF and CRM)	Trading book sovereign exposures	Risk-weighted assets
	Significant jurisdiction where the counterparties are located (in descending order of total exposure value)	Amount (including on- and off- balance sheet)	Amount	Amount
1	Total	219,959	-	-
2	BERMUDA	41,278	-	-
2a	*of which: denominated in domestic currency*	35,086	-	-
3	UNITED STATES	164,977	-	-
3a	*of which: denominated in domestic currency*	164,977	-	-
4	CANADA	7,184	-	-
4a	*of which: denominated in domestic currency*	7,184	-	-
5	SWITZERLAND	6,520	-	-
5a	*of which: denominated in domestic currency*	6,520	-	-

All amounts in '000's

Table 16: Exposures to sovereign entities by currency (SOV2)

		a	b	c
		Banking book sovereign exposures (after CCF and CRM)	Trading book sovereign exposures	Risk-weighted assets
	Significant currency denomination (in descending order of exposure value)	Amount (including on- and off- balance sheet)	Amount	Amount
1	Total	219,959	-	-
2	BMD	35,086	-	-
3	USD	171,168	-	-
4	CAD	7,184	-	-
5	CHF	6,520	-	-

All amounts in '000's

Table 17: Exposures to sovereign entities by accounting classification (SOV3)

		a	b	c	d	e	f	g	h	i
		Debt instruments / loans and receivables			Total exposures for debt instruments / loans and receivables					
		Fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVTOCI)	Amortised cost (AC)	Maturity buckets					
					< 12 months	12 months to < 2 years	2 years to < 5 years	5 years and more	No maturity	Total
1	Gross value	-	184,873	35,086	184,873	-	35,086	-	-	219,959
2	Net value	-	184,873	35,086	184,873	-	35,086	-	-	219,959

All amounts in '000's

Market Risk

Overview

Market risk is the risk of loss arising from potential adverse changes in the value of BCB's assets and liabilities from a fluctuation in market variables. ALCO is responsible for oversight of market risk to optimise income within the approved risk appetite. The primary market risks that BCB faces are interest rate risk (which includes credit spread risk) and foreign exchange risk.

Foreign Exchange Risk

Table 18: Market risk under the Standardised Approach ("SA") (MR1)

		a
		Capital requirement in standardised approach
4	Foreign exchange risk	1,838
12	**Total**	1,838

All amounts in '000's

The Bank holds assets in currencies other than US dollars (USD)/Bermuda dollars (BMD) and hence has exposure to adverse changes in foreign exchange rates. The Bank manages its exposure to foreign exchange rate risk through the management of its net non-USD/BMD exposures to levels prescribed by ALCO via the utilisation of appropriate hedging instruments, master netting agreements, and other techniques.

Interest Rate Risk

In April 2016, the Basel Committee on Banking Supervision issued standards for Interest Rate Risk in the Banking Book ("IRRBB"). Those principles set out supervisory expectations for banks' identification, measurement, monitoring, and control of IRRBB, as well as supervision of this risk. The IRRBB was adopted by the Bank in January 2018 to manage its interest rate risk exposure.

IRRBB is the exposure to movements in interest rates. Such risk occurs from a mismatch of interest rate exposures tied to the Bank's assets and liabilities and is a normal part of banking and an important contributor to earnings. The Bank implemented an internal model to monitor IRRBB and report the impact to the ALCO on a monthly basis. Adverse movements in interest rates can result in a reduction in the Bank's Economic Value of Equity ("EVE") and Net Interest Income ("NII"). Changes in interest rates affect earnings through NII variations and also affect the underlying values of assets, liabilities and off-balance sheet instruments, and thereby the Bank's EVE, given that the present value of future cash flows changes as interest rates shift. The Bank discloses the impact of interest rate shocks on its Changes in Economic Value of Equity ("ΔEVE") and Net Interest Income ("ΔNII"), computed based upon the six minimum interest rate shock scenarios applied by the Bank as prescribed in the Basel guidance which are: Parallel Up, Parallel Down, Steepener, Flattener, Short Rate Up and Short Rate Down. Key assumptions and stress scenarios used to compute the IRRBB are approved by the ALCO.

Like many banks, BCB is exposed to IRRBB through its exposure to fixed income securities, loans, other assets sensitive to interest rate movements, and customer deposit liabilities. A material impact of IRRBB comes through the Bank's exposure to a diversified portfolio of fixed income securities including HQLA. Duration is a measure of the price sensitivity of a fixed income security to changes in interest rates. The Bank manages the duration of its fixed income securities to mitigate the adverse impact of IRRBB.

For IRRBB, the Bank applies the following assumptions:

- Although increasing, the loan portfolio comprises a relatively small portion of the overall assets of the Bank and is of a very recent vintage. As such, loan prepayment rates have not been included as the impact was deemed to be immaterial to the EVE;
- The majority of the Bank's currency exposure is in BMD and USD. Accordingly, all currencies have been aggregated and the US Treasury yield curve has been applied across all currencies, and;
- The modified duration of the investment portfolio is assumed to be the repricing impact for the parallel interest rate shock down.

Liquidity & Funding Risk

Overview

Liquidity and Funding Risk is the risk that the Bank does not have sufficient financial resources to meet its financial obligations as they fall due or can only do so at excessive cost. Liquidity Risk arises from mismatches in the timing of cashflows. Funding Risk arises where the liquidity needed to fund illiquid asset positions cannot be obtained at the expected terms and when required.

The objective of BCB's liquidity risk management framework is to ensure that the Bank maintains a core liquidity position that can meet its cash flow requirements on a timely and cost-effective basis. The Bank manages its liquidity risk through cash and liquidity management techniques that maximise its liquidity, and through controls on the percentage of its balance sheet that can be converted to cash within specific short-term bands. The Bank maintains prudent levels of liquid assets in the form of cash and HQLA which are managed in parallel with the Bank's liability profile.

The Bank maintains significant liquidity thresholds in its balance sheet in the form of cash or near cash, other HQLA and assets within its investment portfolio. This high level of readily liquid assets factors into the Bank's contingency liquidity plan which is designed to provide a liquidity waterfall to allow the Bank to meet its cash obligations without relying on external funding support during periods of stress.

The Bank's framework for management of liquidity risk is outlined within its Asset & Liability Management Policy. This defines the objectives for managing liquidity risk, sets conditions for the calculation of the minimum size of the liquidity buffer and the funding needed to support an adequate liquidity buffer. Ongoing monitoring and implementation of the liquidity policy is the responsibility of ALCO and with responsibility for the daily monitoring and management assigned to the Treasury Department. The Treasury Department prepares liquidity reports and monitors stress testing results through ALCO on a monthly basis.

As part of its asset and liability management activities, the Bank produces a maturity funding ladder of relevant assets and liabilities into time buckets corresponding to their economic maturities. The matrix is compiled on an aggregated currency basis. Assets and liabilities from the deposit and mortgage book that show a history of being renewed or prolonged are assigned to time buckets reflecting their expected extension.

The maturity ladder identifies the excess, or the shortfall, of assets over liabilities in each time bucket, facilitating the management of open liquidity exposures. The maturity ladder together with the liquidity planning process, which forecasts the funding supply and demand across business units, provides the key input parameters for the Bank's liquidity planning.

Encumbered and Unencumbered Assets

Encumbered assets are assets that the bank is restricted or prevented from liquidating, selling, transferring or assigning due to legal, regulatory, contractual or other limitations. The encumbered assets in the table below are collateral deposits posted with multiple counterparties to support the bank's foreign exchange transaction volume.

Table 19: Encumbered and Unencumbered Assets (ENC)

	a	c	d
	Encumbered assets	Unencumbered assets	Total
Cash& Deposits	5,787	192,729	198,516
Loans, Advances, Bills and Finance Leases	-	141,605	141,605
Investments	-	301,573	301,573
Other Assets	-	21,293	21,293

All amounts in '000's.

Liquidity Coverage Ratio ("LCR")

The LCR metric is designed to measure the short-term resilience of a bank's liquidity profile ensuring the Bank has sufficient unencumbered HQLA that can be converted into cash easily and immediately in private markets to meet its liquidity needs for a 30 calendar day liquidity stress scenario. The BMA requires Bermuda banks to maintain a minimum LCR of 100%.

Table 20: Liquidity Coverage Ratio ("LCR") (LIQ1)

		a	b
		Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA		**228,655**
Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**	**40,173**	**16,061**
4	Less stable deposits	40,173	16,061
5	**Unsecured wholesale funding, of which:**	**304,299**	**210,684**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	60,769	15,192
7	Non-operational deposits (all counterparties)	243,530	195,492
9	**Secured wholesale funding**		**-**
10	**Additional requirements, of which:**	**13,770**	**9,792**
11	Outflows related to derivative exposures and other collateral requirements	5,888	5,888
13	Credit and liquidity facilities	7,883	3,904
14	**Other contractual funding obligations**	1,109	1,109
16	**TOTAL CASH OUTFLOWS**		**237,645**
Cash inflows			
18	**Inflows from fully performing exposures**	196,596	169,985
19	**Other cash inflows**	521	521
20	**TOTAL CASH INFLOWS**	**197,116**	**170,506**
			Total adjusted value
21	**Total HQLA**		**228,655**
22	**Total net cash outflows**		**67,139**
23	**Liquidity Coverage Ratio (%)**		**340.6%**

All amounts in '000's.

Note: average values were calculated using the simple average of the last three month-end balances reported.

Net Stable Funding Ratio ("NSFR")

NSFR is defined as the ratio between the amount of stable funding available and the amount of stable funding required. The BMA requires Bermuda banks to maintain a minimum NSFR of 100%.

Table 21: Net Stable Funding Ratio ("NSFR") (LIQ2)

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted Value
		No Maturity*	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) item						
1	Capital:	64,126	-	-	-	64,126
2	*Regulatory capital*	*64,126*	-	-	-	*64,126*
4	Retail deposits and deposits from small business customers:	-	125,457	60,695	54,471	222,008
6	*Less stable deposits*	-	*125,457*	*60,695*	*54,471*	*222,008*
7	Wholesale funding:	-	339,290	13,027	1,237	86,588
8	*Operational deposits*	-	*54,887*	-	-	*27,444*
9	*Other wholesale funding*	-	284,403	13,027	1,237	59,144
11	Other liabilities:	-	7,818	991	(4,125)	(3,630)
12	NSFR derivative liabilities			*57*		
13	All other liabilities and equity not included in the above categories	-	7,761	991	(4,125)	(3,630)
14	**Total ASF**					369,092
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					34,673
16	Deposits held at other financial institutions for operational purposes	-	31,741	-	-	31,741
17	Performing loans and securities:	-	164,928	3,995	190,189	164,307
18	*Performing loans to financial institutions secured by Level 1 HQLA*	-	4,000	3,000	-	2,100
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	160,647	995	-	24,595
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	281	-	47,384	33,417
21	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	-	-	35,000	22,750
22	*Performing residential mortgages, of which:*	-	-	-	*85,944*	*55,864*
23	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	-	-	85,944	55,864
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	-	-	-	56,861	48,332
26	Other assets:	-	5,120	91	17,770	22,982
29	NSFR derivative assets			57		57
30	NSFR derivative liabilities before deduction of variation margin posted					
31	All other assets not included in the above categories	-	5,120	34	17,770	22,925
32	Off-balance sheet items	-		8,796		298
33	**Total RSF**					254,001
34	**Net Stable Funding Ratio (%)**					145%

All amounts in '000's

* Items reported in the "No Maturity" time bucket do not have a stated maturity and only includes CET1 capital.

Operational Risk

Overview

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Bank is exposed to operational risk as a direct or indirect consequence of its normal business activities, as arising in the day-to-day execution of business processes, the functioning of the IT environment and in the various activities performed by its staff, contractors and vendors. Operational risk is relevant to every aspect of the Bank and covers a wide range of issues including financial crime compliance, regulatory compliance, cyber, privacy, vendor, fraud, technology and conduct risks.

Operational Risk Management Framework

The monitoring and control of BCB's operational risks are underpinned by an ORMF, a core component of which is the RCSA process. All operational risks are captured within an RCSA where these are assessed by management in accordance with their likelihood and impact, to derive an inherent risk rating. 'Inherent' is defined as the status of the risk prior to the application of controls specifically designed to mitigate the risk.

The effectiveness of controls is then considered as an input to a 'residual' risk rating. Both risk ratings are considered in order to prioritise the risk and mitigation activities required. Each risk is assigned a Risk Owner so that there is adequate accountability to assist with ensuring appropriate action. Monitoring is performed and reported to the MRC and BRC regularly. Risks are assessed, and control activities and policies and procedures are used to help ensure that a selected risk response is carried out properly and in a timely manner. These control activities range from high-level corporate policies to process-specific procedures.

BCB uses a variety of other types of control activities to ensure that proper risk responses are implemented, for example approvals of transactions, account balance reconciliations, verifications, segregation of duties, physical controls, security management control and information processing controls. Often, combinations of control activities are implemented. Risks are prioritised according to their inherent risk ratings, in order to identify the key controls that the business places highest reliance on. Second line testing is focused on controls that mitigate inherently high rated risks, in order to provide management with assurance that the business is adequately protected against the most important risks. Once the controls have been considered, risks are also assessed on a residual basis. Where residual risks are assessed to be outside of the Bank's risk appetite, additional controls must be deployed to bring the residual risk within risk appetite. This may include the identification of additional controls, the enhancement of existing controls, or treatment of the risk through risk acceptance.

The effective management of ORMF is the responsibility of the MRC, which reports to the BRC. The MRC meets on a monthly basis to review and discuss the material risks, and operation of controls. MRC also has oversight over the risk incident management process, ensuring that incidents which do occur are reported and managed to conclusion.

Operational Risk Losses

Data on operational losses and any significant control failures are captured through the Bank's Risk Incident Reporting process. All events are reported to MRC with High Risk incidents reported to BRC, each of which assess the adequacy of corrective actions taken by Management and mitigants deployed to prevent recurrence.

Other Information

Abbreviations:

The following abbreviated terms are used throughout the document:

AC	Audit Committee
ALCO	Asset and Liability Committee
ALM	Asset and Liability Management
ASF	Available Stable Funding
AT1	Additional Tier 1 Capital
BCB or the Bank	Bermuda Commercial Bank Limited
BDCA	Banks and Deposit Companies Act 1999
BMA or Authority	Bermuda Monetary Authority
BRC	Board Risk Committee
BSX	Bermuda Stock Exchange
CARP	Capital Adequacy and Risk Profile
CCF	Credit Conversion Factor
CCP	Central Clearing Counter Party
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1
CISC	Cyber & Information Security Committee
Code of Conduct	Group Code of Conduct and Ethics for Employees and Directors
CRM	Credit Risk Mitigation
CSA	Credit Support Annex
EAD	Exposure at Default
ECAI	External credit assessment institutions
ECL	Expected Credit Loss
ERM	Enterprise Risk Management
ERMF	Enterprise Risk Management Framework
EVE	Economic Value of Equity
EXCO	Executive Committee
FVOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GC	Governance Committee
Group	Bank and its subsidiaries
HQLA	High Quality Liquid Assets
IA	Internal Audit
IFRS	International Financial Reporting Standards
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
KPIs	Key Performance Indicators
LCR	Liquidity Coverage Ratio
MRC	Management Risk Committee
NII	Net Interest Income
NSFR	Net Stable Funding Ratio
OCI	Other Comprehensive Income
ORMF	Operational Risk Management Framework
RAS	Risk Appetite Statement
RCSA	Risk Control Self-Assessment
RSF	Required Stable Funding
RWA	Risk Weighted Assets
SA	Standardised Approach
SFT	Securities Financing Transaction
T1	Tier 1 Capital
T2	Tier 2 Capital
TC	Total Capital

Cautionary statement regarding forward-looking statements

These Capital and Risk Management Pillar 3 Disclosures as at March 31st, 2026 contain certain forward-looking statements with respect to Bermuda Commercial Bank Limited ("the Bank"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on our current beliefs, expectations or assumptions regarding the future of our business, future plans and strategies, our operational results and other future conditions. Words such as 'will', 'believe', 'expect', 'anticipate', 'project', 'estimate', 'predict' and similar expressions, are intended to identify forward-looking statements.

These forward-looking statements may appear in the disclosures and may include, among others, statements with respect to our liquidity and capital requirements; business strategy; financial and operating targets or plans; projections of revenues, income, market share or other financial forecasts; expansion and growth of our business and operations; and future capital expenditures. These statements are based on certain assumptions and analyses we have made in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate in the circumstances. However, whether actual results and developments will conform to expectations and predictions is subject to a number of risks and uncertainties that could cause actual results to differ materially from expectations, including, among others, the risks discussed in this disclosure document.

We believe that these risks and uncertainties include, but are not limited to, those described in the Notes of Bank's audited financial statements, which include, but are not limited to: changes in economic and market conditions; changes in market interest rates; our access to sources of liquidity and capital to address our liquidity needs; our ability to attract and retain customer deposits; our ability to effectively compete with other financial services companies and the effects of competition in the financial services industry on our business; our ability to successfully execute our business plan and implement our strategy; our ability to successfully manage our credit risk and the sufficiency of our allowance for credit loss; our ability to successfully develop and commercialize new or enhanced products and services; damage to our reputation from any of the factors described in this section.

Consequently, all of the forward-looking statements made in this document are qualified by these cautionary statements and the results or developments that we anticipate may not be realized or, even if substantially realized, they may not have the expected consequences to, or effects on, us or our business or operations. The Bank assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

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Bermuda Commercial Bank Limited and certain subsidiaries offer a variety of regulated services in Bermuda. Bermuda Commercial Bank Limited is licensed to carry out banking business under the Banks and Deposit Companies Act 1999 and to carry out investment business under the Investment Business Act 2003. Bercom Nominees Limited is authorised and regulated by the Bermuda Monetary Authority and licensed to carry out business as a Limited Corporate Services Provider pursuant to the Corporate Services Provider Business Act 2012.