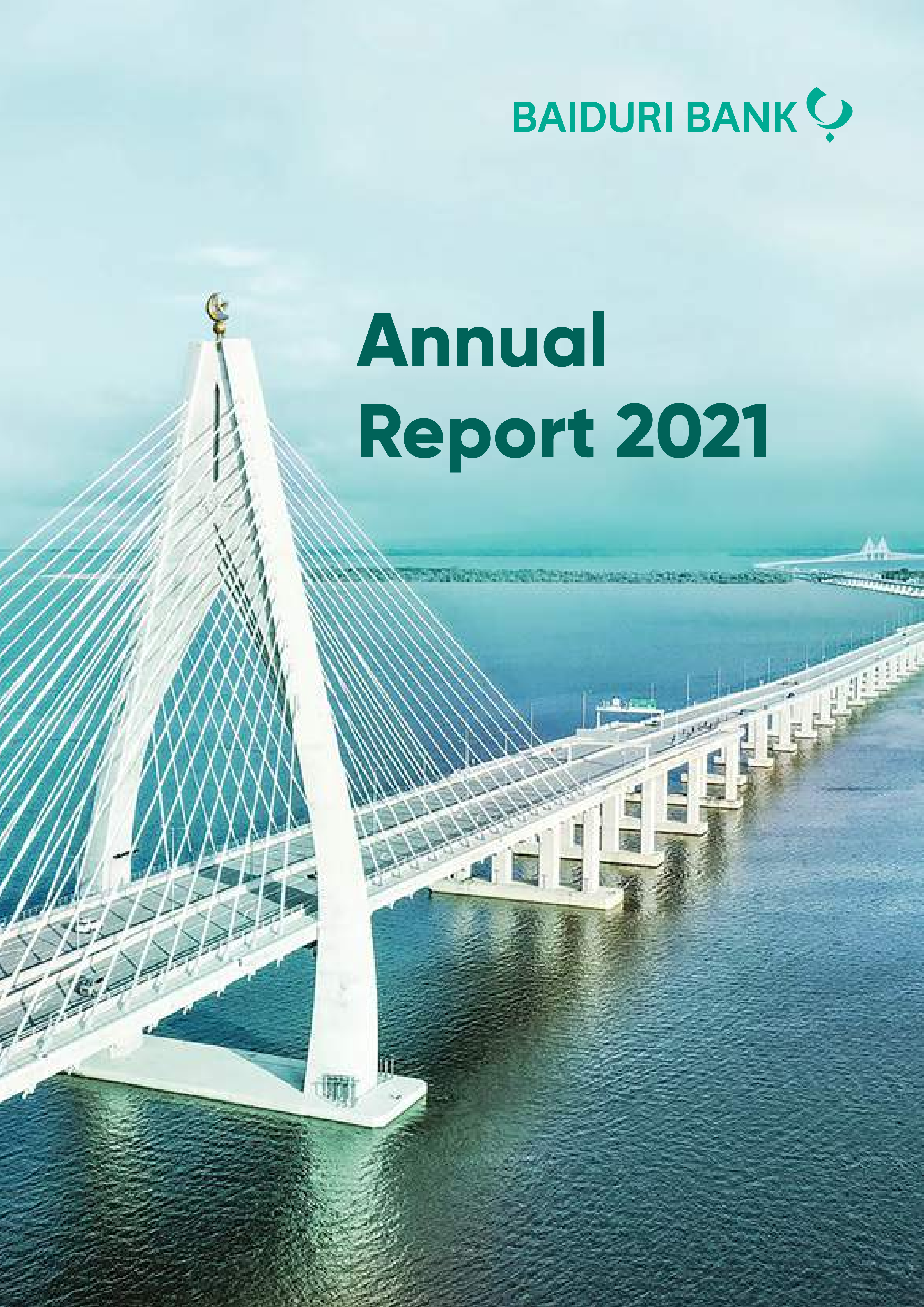
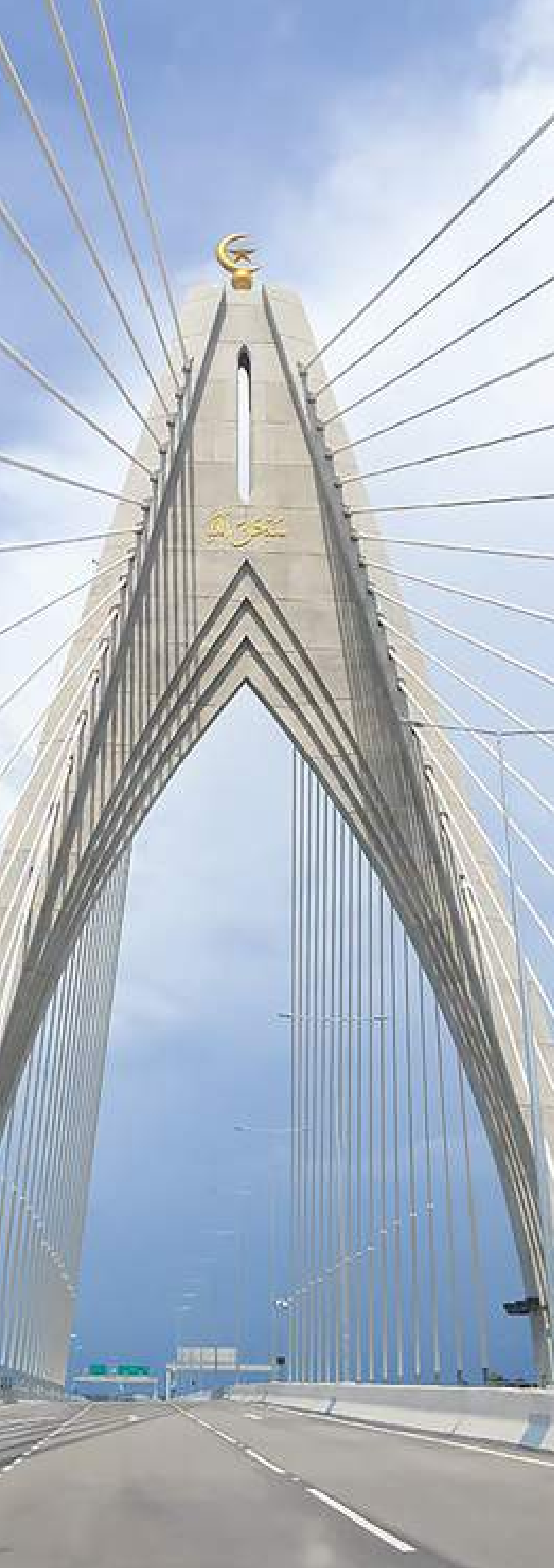
BAIDURI BANK

Annual Report 2021





Inside the Report

Corporate Profile

About Us

The Group, comprising Baiduri Bank and its wholly-owned subsidiaries, Baiduri Finance and Baiduri Capital, provides banking services to institutions, companies and individuals,

Established in 1994, Baiduri Bank's shareholders include Baiduri Holdings and Darussalam Assests. With a strong combination of local expertise and global outlook, the Group is acknowledged as one of the leading banking groups in the country with a track record of financial innovations and pioneering activities.

In 2021, Baiduri Bank was recognised as the 'Best Banking Group for Brunei' and 'Best in Corporate Governance & CSR' by International Investor; 'Best Banking Group for Brunei' by World Finance; the Gold Award for the 'Most Innovative and Sustainable Office Design' for its headquarters in the Employee Experience Awards 2021 by Human Resources Online; and the 'Domestic Retail Bank of the Year for Brunei' and 'Marketing and Bran Initiative of the Year for Brunei' from Asian Banking & Finance.

OUR VISION

To be the leading and preferred financial partner, empowering individuals and businesses to achieve financial success in a changing world.

MISSION

Enriching, empowering & engaging the communities we serve in a responsible and sustainable way

We enrich our customers' financial well-being through our global outlook, local touch and win-win collaborations

We empower diverse segments of society across life stages, including the underserved

We engage through meaningful experiences and long-term value creation for our stakeholders

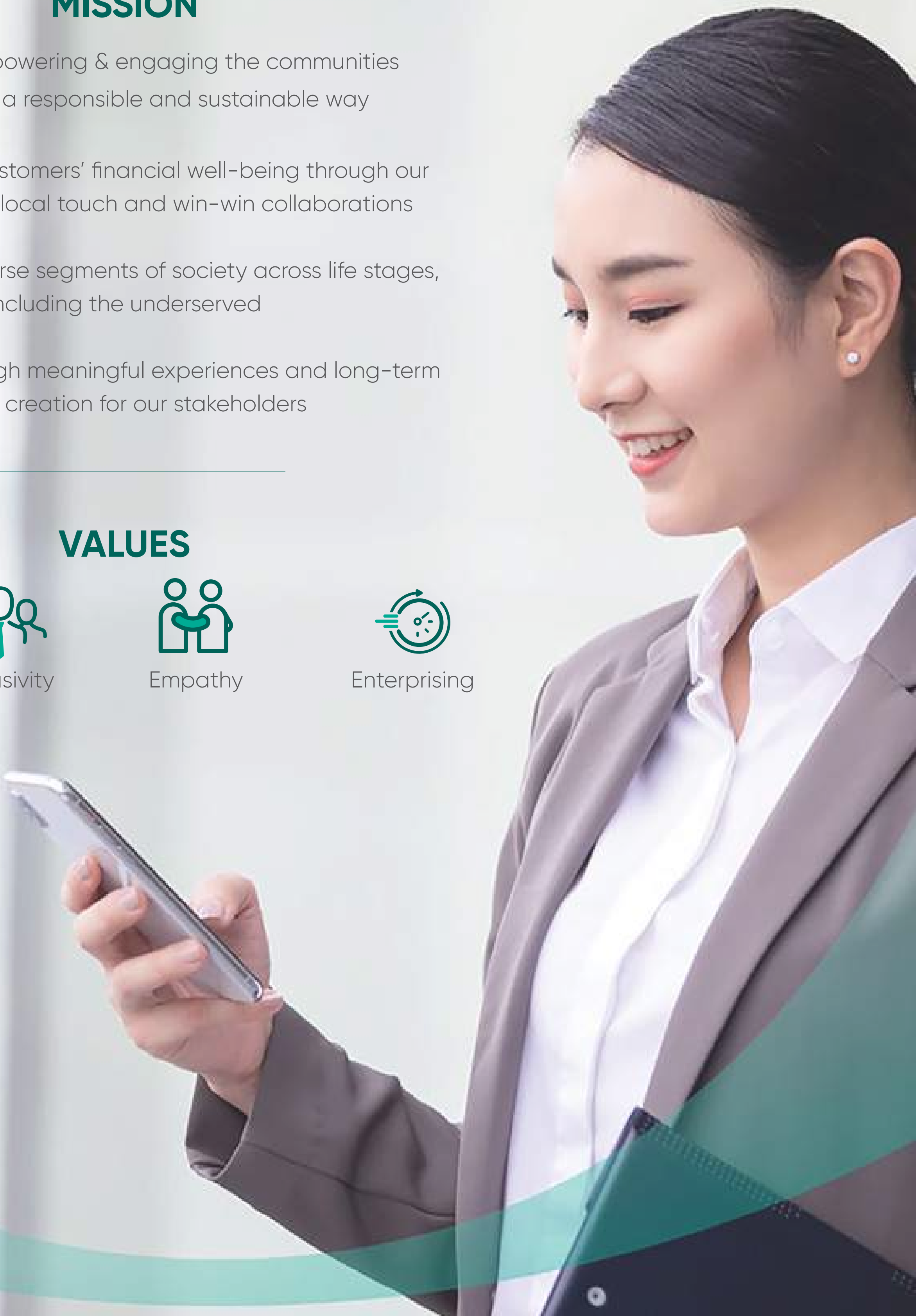
VALUES

Trustworthy

Inclusivity

Empathy

Enterprising



Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Baiduri Bank Berhad for the financial year ended 31st December 2021.

Despite the challenges we faced during the year, the Bank delivered an excellent financial performance.

The pandemic, which began to impact us all in 2020, continued to bring change to many aspects of daily life and business norms during 2021. Having faced many challenges since the pandemic began the year before, we were better prepared to deal with these disruptions, and in some cases, we were able to find greater efficiencies and better outcomes.

We are proud of our response to COVID-19, and there were many ways in which the organisation helped our customers and the community in general. The pandemic underlined the importance of compassion and unanimity, as well as the need for empathetic leadership which prioritised the mental health of our workforce and provided a strong support system for them. We continued to cultivate our strategic partnerships with various stakeholders, understanding the importance of collaborating on viable solutions as we tackle the uncertainties and challenges ahead together.

Building resilience and improving our agility to adapt to change were crucial elements of our response to the pandemic. We continue to focus on providing options for customers that are in line with their evolving needs, such as contactless payments.

Among the challenges, 2021 also brought about many opportunities, I am pleased that our team moved forward, fulfilling further the need for the digitalisation of banking operations, building on many of the urgently needed pandemic responses implemented the previous year.

Yang Amat Mulia
Pengiran Muda
Dr Abdul Fattaah

Chairman

"Building resilience and improving our agility to adapt to change were crucial elements of our response to the pandemic. We continue to focus on providing options for customers that are in line with their evolving needs, such as contactless payments."

The organisation cannot ignore the significant shifts impacting traditional banking practices. We must continue to anticipate the changing needs of our customers, understanding these changes, and capitalise on the opportunities that will arise. We are aware that this new banking landscape will offer important benefits to the customers.

Nevertheless, our focus, as always, will be to create the best customer experience that we can, through a balanced approach of digital innovation and human touch.

As COVID-19 enters the endemic phase, our focus is to continue to strengthen our corporate governance and risk management practices to build greater resilience in our teams, infrastructure and in our services.

In support of this, the past twelve months saw major developments in our approach to human resource management and people development as our main competitive advantage. Our greatest strength lies in our people.

Among many highlights, we implemented a cloud-based HR solution for core HR processes and talent management. Learning and development programmes were rolled out for staff at several levels within the organisation to equip them with the professional and leadership skills they need to become our future leaders. We also provided our staff with e-learning programmes to ensure they maintained their professional skills development.

We recognised the viability of flexible hybrid model of in-office and work-from-home and escalated our investment in different tools and infrastructure to enable efficient and rewarding remote working.

We continued to take our responsibility to the community very seriously, and supported a number of initiatives, both formal and informal, to support Bruneians throughout the pandemic. The Bank helped the underprivileged with donations of household and basic necessities. Also, as part of our core philosophy, we continued to encourage our employees to become active volunteers helping the community.

"..through the pro-active steps we have taken in the past twelve months, we are confident our systems and resources are resilient and our people are ready to turn challenges into opportunities.""

We recognise the need to address the climate crisis and to take positive actions to help protect the environment. We were proud to participate in the COP26 conference on climate change in October and stand aligned to the government's initiatives to reduce our local dependency on fossil fuels.

We will continue to explore how sustainability - including such factors as Environmental, Social and Corporate Governance (ESG) and the United Nations' Sustainable Development Goals (SDGs) - can be embedded into the organisation's strategy and operations going forward. This aligns with national commitments as well as regional and global developments and ESG compliance will be a focus for Baiduri Capital in their portfolio and product development strategies.

We were pleased to receive several major awards and international recognition last year. The organisation achieved an improved credit rating from Standard and Poor's of BBB+/A-2 with positive outlook. This new rating places Baiduri Bank in the company of leading regional and international banks. As well, the organisation was certified as compliant with international financial security standards.

We note that the country, Brunei Darussalam aims to move itself towards having a more diversified economy, with the increased backing of economic sectors and sources of revenue other than oil and gas. As Brunei's leading bank, we are constructively contributing to the objectives of the RKN 11 National Plan, which aims to reduce the dependency on the Oil & Gas Sector as the Catalyst for Economic Growth.

Moving forward, our strategy would focus on being the most profitable banking group in Brunei; offering the best customer experience, both online and off; to become the most preferred employer in Brunei; and to achieve operational excellence in our internal processes. These are ambitious goals and the future will bring its usual share of challenges but through the pro-active steps we have taken into the past twelve months, we are confident our systems and resources are resilient and our people are ready to turn these challenges into opportunities and fulfil these goals.

On behalf of the Board of Directors, I would like to express our sincere appreciation to the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam and the Brunei Darussalam Central Bank (BDCB) for their enduring support. With the dedication and resourcefulness of our people and the support of our shareholders and customers, we are confident of building on our successes in 2021 and scaling greater heights in 2022.

Yang Amat Mulia Pengiran Muda Dr Abdul Fattaah

Chairman

Financial Highlights 2021

In 2021, we delivered outstanding financial performance despite the challenging operating environment. Baiduri Bank reported a record net profit of BND58.5 million, which is 3% higher than 2020. We continue to see strong momentum across key growth areas, including retail and corporate banking, as we seek to diversify our revenues.

Our cost-to-income ratio fell 6% to 49.24%, owing to strong cost discipline and the effectiveness of various initiatives to improve productivity. As a result of prudent risk management, our net non-performing loan ratio fell 17%, reflecting an improvement in our asset quality.

Return on Equity (ROE) for the year was lower, in line with our strategy to minimise dividend payout and maintain higher Tier 1 Capital. Overall, we have a strong balance sheet that is well-capitalised and highly liquid. Our fully owned subsidiaries Baiduri Finance and Baiduri Capital also achieved stellar results in 2021 with 8.5% and 168% increase in net profit respectively.

Board of Directors

YANG AMAT MULIA PENGIRAN MUDA DR. ABDUL FATTAAH
Chairman

Pengiran Muda Fattaah is also a director of a number of leading Brunei companies engaged in property development, hospitality, business services and facilities management.

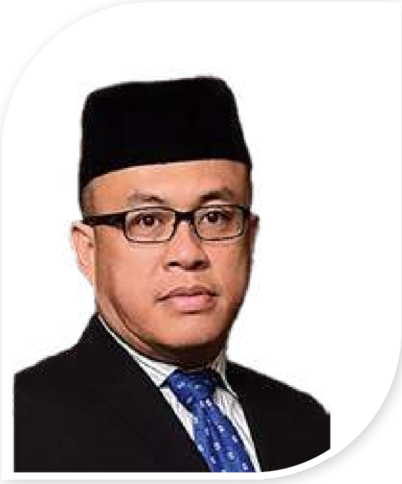
He was educated in Brunei and in Britain, where he graduated from the Royal Military Academy Sandhurst and Brunel University London, from which he earned a Ph.D. in international Business. Pengiran Muda Dr. Abdul Fattaah is the Chairman of the Board of Directors of Baiduri Bank Group

DATO PADUKA TIMOTHY ONG TECK MONG
Board Member

Dato Timothy Ong is a Brunei entrepreneur and a board member of a number of leading companies in Brunei and beyond. He is the Founder and Chairman of Asia Inc Forum, a platform for public policy and business dialogue in Brunei, ASEAN and the Asia Pacific region. He was Chairman of APEC Business Advisory Council (ABAC) in 2000 when Brunei hosted the APEC Leaders' Summit and he served as Chairman of Brunei Economic Development Board (BEDB) from 2003 to 2010.

HJH RAHAYU BINTI DATO PADUKA HJ ABDUL RAZAK
Board Member

Haja Rahayu currently serves as Chief Corporate Affairs Officer, Darussalam Assets Sdn Bhd. She is also a board member of several leading organisations in Brunei Darussalam. She was previously Principal Counsel, Head of Civil Division, Attorney General's Chambers, and was appointed to major Brunei Government National/ Ministerial Committees including the Authority for Info-communications Technology Industry. She earned her Bachelor of Law degree at Manchester University, UK, was admitted as an Advocate and Barrister to the Honourable Society of Lincoln's Inn and in 1997 was admitted as an Advocate and Solicitor to the Supreme High Court, Brunei Darussalam.

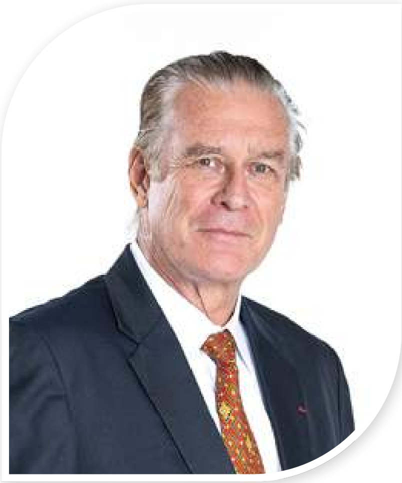


DATO SERI PADUKA DR HJ ABDUL MANAF BIN HJ METUSSIN

Board Member

Dato Dr. Abdul Manaf Metussin (Dato Dr. Manaf) was appointed as the Deputy Minister of Finance and Economy (Economy) at the Ministry of Finance and Economy on 20th September 2018. Before that he held the position of Permanent Secretary at the Ministry of Primary Resources and Tourism since 26th January 2016.

Dato Dr. Manaf started his career in Government service in 1990 and has served in various capacities in the Ministry of Primary Resources and Tourism, as well as the Prime Minister's Office, and the Ministry of Home Affairs. He has also held a number of important posts at University Brunei Darussalam and Brunei Economic Development Board



PIERRE IMHOF

Board Member

Pierre Imhof is currently a director of both Baiduri Bank and Baiduri Finance, having served for 16 years as the Chief Executive Officer of Baiduri Bank Group. Previously, M. Imhof held several general management positions in the BNP/Paribas organisation in the Middle East, Africa and Asia. He is a former member of several professional trade and banking organisations in Brunei Darussalam, serving the interests of French trade and culture as well as the Brunei banking industry. He holds the ranks of Chevalier de la Legion d'Honneur and Chevalier de l'Ordre National du Mérite (France).

Management Committee

TI ENG HUI

CHIEF EXECUTIVE OFFICER

Since joining the Bank in 1996, Ti Eng Hui has held key management positions including Deputy General Manager, Retail Banking & Branch Network as well as Deputy CEO of Baiduri Bank. He was appointed as the Chief Executive Officer of Baiduri Bank in 2019.

Eng Hui has been a Board Member of Baiduri Capital since 2014, Director of Baiduri Finance since 2019 and member of the Board of Governors of Politeknik Brunei since 2021. He is also a Council Member of UnionPay International, South East Asia and South Pacific Regional Council. Prior to joining Baiduri Bank, he held key positions in Citibank and Standard Chartered Bank Brunei.

PG AZALEEN PG DATO HJ MUSTAPHA

DEPUTY CHIEF EXECUTIVE OFFICER, BUSINESS DEVELOPMENT

Pg Azaleen has over 28 years of working experience in the Finance industry. He joined Baiduri Bank in 2005 as the Head of Treasury. In 2014, he was appointed as the Head of Retail Banking & Branch Network Pg, and became the Deputy Chief Executive Officer, Business Development in 2019 where he now overlooks Retail Banking, Group Customer Experience, Group Treasury and Institutional Banking as well as Business Banking. Pg Azaleen has also been a Board Member at Baiduri Capital since 2014. Prior to joining Baiduri Bank, he held key positions at HSBC Brunei in Treasury & Capital Markets, Private Banking as well as Corporate & Institutional Banking.

MANUEL BULENS

DEPUTY CHIEF EXECUTIVE OFFICER, COMPLIANCE, CORPORATE GOVERNANCE AND LEGAL ADVISORY

Manuel joined Baiduri Bank in 2020. He has over 16 years of experience working in multiple countries, with a vast experience in Consumer Banking. He has lead multiple transformation projects with the objective of creating more efficient consumer businesses focusing on technology deployment and customer service. Manuel is a Certified Internal Auditor, Certified Information System Auditor and a Chartered Banker. Prior to his role in Baiduri Bank, he held key positions in compliance, controls, risk and governance with Citibank in Belgium, Spain, Russia and Korea and was also the Head of Retail Banking at Alliance Bank, Malaysia.

HJ HALILUDDIN DSP TALIB

MANAGING DIRECTOR OF BAIDURI FINANCE

Hj Haliluddin has been the Managing Director of Baiduri Finance since its inception in 1996 and has played an instrumental role in driving the finance company's growth and innovation. Under his leadership, Baiduri Finance has grown to become a successful and profitable company. Hj Haliluddin is also a Board Member at Baiduri Finance. Prior to joining the Baiduri Bank Group, he held key managerial positions at Standard Chartered Bank Brunei.

YVONNE CHAN

HEAD OF GROUP ASSET RECOVERY MANAGEMENT

Yvonne has been with Baiduri Bank since its inception in 1994. Before her current appointment, she was the Head of Corporate Banking, a position she held from 1998 until 2021. Her experience involves the acquisition of the Retail and Corporate Portfolio of HSBC Brunei, which led to a significant increase of revenue for Baiduri Bank. Yvonne is an Associate Chartered Accountant, awarded by the Institute of Chartered Accountants in England and Wales. Prior to joining the Bank, she worked with KPMG London and Brunei as a Chartered Accountant and has over six years of audit experience.

AK NOR MUHAMMAD NIZAM PG HJ TENGAH

HEAD OF GROUP TREASURY AND INSTITUTIONAL BANKING

Ak Nor Muhammad Nizam joined Baiduri Bank in 2014. He has over 27 years in the Finance industry with international exposure through several working attachments at the Kuwait Finance House (M) Berhad, Mizuho Corporate Bank (Singapore), Standard Chartered Bank (Singapore), JP Morgan Chase (Singapore), Dai Ichi Kangyo Bank (Singapore), Noriba Bank (Bahrain) and the Brunei Investment Agency. Prior to joining the bank, he held key positions with Development Bank Brunei (DBB), Islamic Development Bank of Brunei (IDBB), where he was involved in the conversion from DBB as a conventional bank into an Islamic bank. He also held lead positions in CIMB Brunei and TAIB.

SIM KIEM LEE

HEAD OF GROUP OPERATIONS DIVISION

Kiem Lee has held the position of Head of Group Operations Division since 1 October 2019. He joined the Bank in 1997 under various branch operation roles and moved to IT in 1999 looking at IT development and operations. He currently oversees Departments handling payments and settlements, credit administration and Business Continuity Management. Prior to his role as Head of Group Operations Division, he was the Chief Technology Officer for Baiduri Bank since 2006. Kiem Lee is also a Liaison Officer at the Brunei Association of Banks.

SIMON HANSMAN

HEAD OF GROUP INFORMATION & TECHNOLOGY DIVISION

Simon joined Baiduri Bank in 2007 and held various roles within the Group Information & Technology Division. He was appointed the Chief Technology Officer in 2019. Under his leadership, Simon aligns business goals with IT goals and ensures effective oversight and governance of technology. He manages all IT functions within Baiduri Bank, including projects, system specialists, change and transformation as well as FinTech. He was appointed the Chief Technology Officer in 2019. Simon holds a PRINCE2 qualification and graduated with a BSc Hons Computer Science from University of Canterbury in New Zealand. Prior to joining the Bank, he was a financial services software developer.

VERONICA CHONG

HEAD OF GROUP HUMAN RESOURCES AND ADMINISTRATION DIVISION

Veronica has been with Baiduri Bank since its inception in 1994 as the Head of Human Resources & Finance, a position she held until 2019. In her time at Baiduri Bank, she has lead key projects such as the digitalization of HR processes, implemented performance management to drive high performance in the work- place, and has also spearheaded the construction of the new Headquarters. Veronica holds a Level 5 Diploma in Human Resource Management, Chartered Institute of Personnel Development (CIPD), UK. She is also a Society for Human Resource Management (SHRM) Senior Certified Professional (SHRM-SCP). Prior to joining the Bank, she worked with KPMG.

CHRIS ANG

HEAD OF GROUP FINANCE DIVISION

Chris joined Baiduri Bank in 2004 as the Head of Finance under the Human Resources & Finance Division. He took on the role of Head of Group Finance Division in July 2019. Under his leadership, Chris has implemented the migration of Baiduri Bank to comply with IAS and IFRS Standards with ECL Modelling. Chris holds an ACCA qualification and is a Fellow Member of Association of the Chartered Certified Accountants. Prior to joining the Bank, he worked at both local and international audit firms.

YASMIN ABDULLAH

HEAD OF GROUP COMPLIANCE

Yasmin has been with Baiduri Bank since its inception in 1994. She held a number of key roles in Trade Finance, Securities Trading, Branch Management, Product Development and Internal Audit. She was the Head of Internal Audit from 2009 until 2020.

LEONARD LEE

HEAD OF CORPORATE BANKING AND TRADE FINANCE

Leonard joined Baiduri Bank in 2018 as the Head of Group Risk where he led the establishment of the Group Risk Department in Baiduri Bank. In June 2021, he was appointed as the Head of Corporate Banking and Trade Finance. Prior to joining the Bank, he held key risk management positions at the Bank of China, which he helped to set up for in Brunei, and HSBC Brunei.

LIM KIAN CHIONG

HEAD OF RETAIL BANKING

Kian Chiong has over 25 years of Banking and Finance experience. He joined Baiduri Bank in 2018 as the Head of Card Business and was appointed as the Head of Retail Banking in 2020. He oversees retail Wealth Management, Consumer Lending and Card Business, Credit Operations and Channel Management, which includes branch operations and digital banking. Kian Chiong is also a Board Member at Baiduri Capital. Prior to joining the Bank, he was the Senior Marketing & Communications Manager at HSBC Brunei.

JONATHAN LIM

HEAD OF GROUP RISK

Jonathan joined Baiduri Bank in 2021 with over 16 years of experience in the Banking industry and was appointed as Head of Group Risk in October 2021. Prior to joining the Bank, he held key roles in risk management, operations and various business divisions at BIBD, Standard Chartered Brunei and HSBC Brunei.

ACCELERATED DIGITALISATION DURING THE PANDEMIC

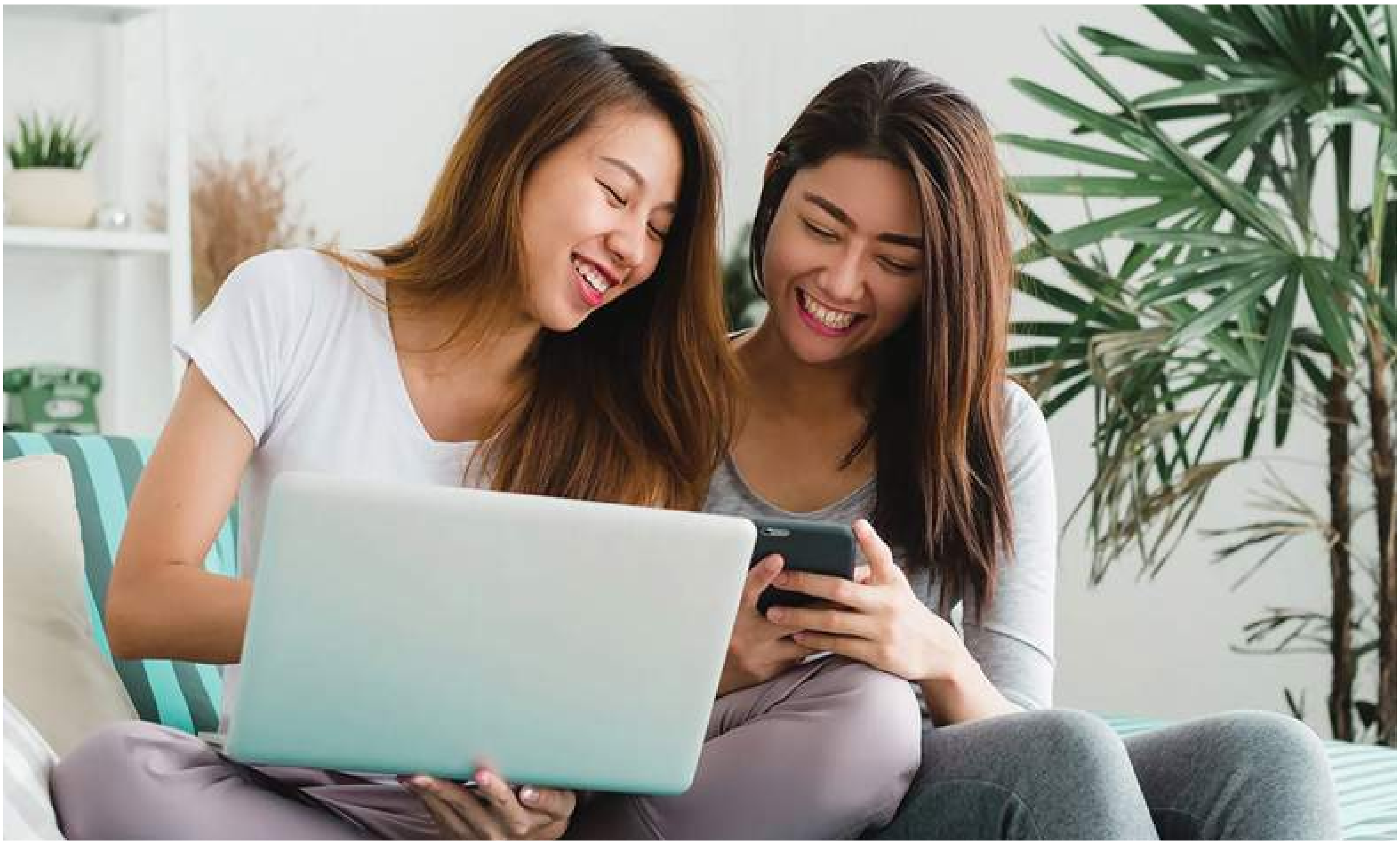
LEADING THE WAY WITH DIGITAL BANKING

As COVID-19 continued in 2021, we continued our efforts to move our customers to digital channels and in consumer education, using a range of online and offline channels to drive digital uptake while offering help and support to facilitate the migration process.

Baiduri b.Digital Personal, our award-winning[1] personal online banking service that was re-launched in 2020, offers a multitude of enhanced features including digital security token, biometric login, single dashboard view of assets and liabilities and in-app financial calculators.

These superior, user-friendly features, coupled with strong user education, led to a major increase in digital adoption amongst our retail customers. Between September 2020 and September 2021, we saw a 53% increase in average digital monthly transactions and 52% increase in active user base (note: the increase in active user base is 149% between March 20 and September 21).

"Baiduri b.Digital Personal was recognised as the Best Mobile Banking App in Brunei in the World Finance Digital Banking Awards 2021 and 2022."



The trend continued to grow as consumers increasingly prefer contactless transactions. A number of new initiatives are currently in the pipeline in our ongoing efforts to enhance our platform:

- Introduce QR payment capability for contactless ATM and credit/debit card services
- Self-service credit/debit card management to control payment limit, payment type and card status
- Enhance transaction monitoring through export of account activity based on date range selection

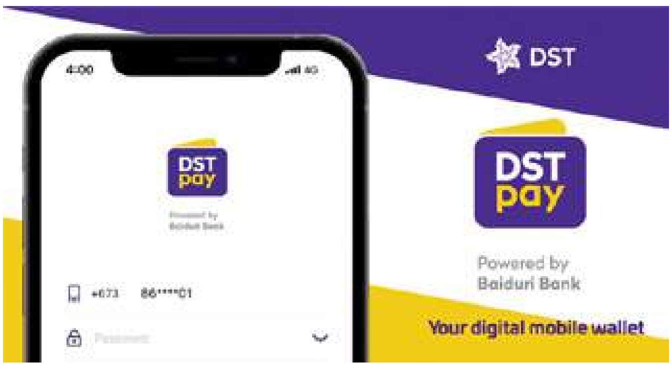
Concurrently, our digital banking team is also working on the new Baiduri b.Digital Business targeted at corporates and micro, small and medium enterprises (MSMEs) with upgraded features and services for both desktop and mobile app users. This initiative is targeted for launch end of Q3 2022.

STRATEGIC TELCO PARTNERSHIP: DSTPAY

DSTPay is Baiduri Bank and UnionPay's first Quick Response (QR) Code payment solution in Brunei. The app also marks UnionPay International's (UPI) first mobile wallet in South East Asia that features a tripartite collaboration of a bank, the country's largest telco provider and an international payment network.

With DSTPay, Baiduri Bank and UPI customers will be able to scan QR Codes at over 200 merchant outlets from diverse industries such as food and beverage, supermarkets,mini-marts, retail, services, and more in Brunei. As this leverages the UPI platform, it can also be used at over 30 million merchants in 45 markets.

In the upcoming Phase 2 launch, customers will also be able to pay by simply tapping their phones for contactless payments at 25 million UnionPay merchants globally.



DIGITALISATION OF SERVICES DELIVERY

Recognising the need for an accelerated shift to digital, we made swift adjustments to our business operations. We streamlined our processes and introduced alternative contactless channels, video consultation, email applications and drop boxes.

To support the growing number of local businesses that were going into eCommerce, we made our digital payment solutions more accessible and affordable, with preferential pricing extended to services such as MerchantSuite by Linkly, a secure payment platform designed for small businesses. We also worked with several government agencies to digitise their payment capabilities through our payment gateway services. An example was our partnership with the Land Transport Department, where their native app TransportBN was integrated with our payment gateway service to accept online road tax renewals and insurance payments.

To enhance the level of digital customer support during the second wave, we actively trained the AI chatbot on our website to provide updated COVID-19 related information and assistance. This has led to a marked increase in digital engagements as shown in Table 3 below:

Metric	1 Oct 2020* - 31 Dec 2021 (15 months)	1 Jan 2022 - 31 Mar 2022 (3 months)
Number of conversations (Engaged)	4661	5128
Engagement rate	78%	79%
Containment rate	98%	92%

Table 3. Increase in digital engagement via website chatbot

Note: The chatbot was launched in late September 2020, along with the refreshed corporate website.

Customer Experience Uplift

We continued to evolve and refine our Voice of Customer strategy as part of our ongoing efforts to become a customer-centric organisation.

In 2021, we deployed more listening posts across key customer touchpoints to identify drivers of satisfaction, uncover pain points, discover opportunities for improvement and synthesise such information into customer-centric solutions. Some examples of applications include:

- Deploying surveys to better understand new customers' onboarding experience
- Deep diving into service scenarios and best practices to improve the first call resolution rate at our Call Centre

BAIDURI PRESTIGE FLAGSHIP CENTRE

Corporate Governance

Baiduri Bank Group ("the Group") in its management and governance of Baiduri Bank Berhad ("the Bank") is committed to maintaining the highest standards of corporate governance as defined by the Corporate Governance Guidelines issued by Brunei Darussalam Central Bank (BU/G-1/2017/5 issued on 2 March 2017 with the date of implementation from 1 January 2018).

In line with best practice, governance is under continual review to ensure compliance with the latest regulatory and regulatory compliance. For further details see the relevant section of our website www.baiduri.com.bn

Digital Transformation

Globally, 2021 saw a surge in the digitalisation of banking operations with alternative FinTech and TechFin players and challenger banks disrupting the industry and competitive landscape. While the Brunei Darussalam Central Bank (BDCB) has yet to issue any digital banking licenses, we believe this change of direction is imminent. Already the lines are blurring between banking and technology as more players, such as the telcos, are venturing into the payment business through providing e-wallets. Incumbent financial institutions, including Baiduri Bank, must actively collaborate with FinTech players to create innovative and win-win solutions that will meet evolving consumer expectations.

Advances in technology, for example cloud-based solutions, open banking and quantum computing are global trends affecting all finance industry players. We are staying abreast of these developments by continuing to invest in our IT infrastructure, cybersecurity and digital transformation, for both our internal processes and banking platforms. This aligns to the increased regulatory scrutiny impacting the financial services sector worldwide.

The main goal of our digitisation strategy is to continuously calibrate and enhance our digital offerings to meet and exceed customer expectations, striking the right balance between digital convenience and human connection. We achieved this through a number of strategies including seamless omnichannel delivery of the customer experience, knowing our customers better through a robust customer data strategy and with pandemic restrictions still in place, increasing sales opportunities via digital banking platforms. Open API connectivity with payment service integration was provided to selected merchants and FinTech companies. This allowed us to enhance back office process automation capabilities while adhering to the highest industry security standards and policies to safeguard customer interest and still enhance the overall user experience.

To support the next phase in our digital transformation journey, we are investing in a new core banking system enabling a redesign of the integration layer as we engage with a wider network of services partners.

Leveraging API-first capabilities, this new core banking system will enable the Bank to achieve greater digitisation, enhanced workflows, straight-through processing and easy integration with new systems (e.g. Digital Payment Hub, a key initiative in the Brunei Darussalam Financial Sector Blueprint, 2016-2025) with a centralised data management platform for more effective targeting, personalised offers and enhanced customer experience. This project is in the early stages with implementation planned for 2024 and through implementing more cloud-based technology solutions we will be better positioned to thrive not just in the current situation, but also in the post COVID-19 world.

To minimise unnecessary human interaction, we automated several manual tasks using Robotics Processing Automation (RPA) implementations, delivering reduced turnaround time and improved operational efficiency. A digital pilot project is underway by the Bank's subsidiary, Baiduri Finance, allowing Hire Purchase customers to apply for financing via the online platform.

People Development

The past 12 months saw major developments in human resource management as we built the competitive advantage through our people.

We selected SAP SuccessFactors for core HR processes and talent management. The performance and competency management modules were successfully launched in April 2021. Additional modules will be introduced in the coming months.

We also partnered with international training providers Moody Analytics and Intuition Knowledge Service (IKS) to offer a range of international-standard e-learning programmes. This bridged the gap during the pandemic when in-person workshops were unavailable and taking into consideration that staff were interested to maintain and grow their professional skills development.

We promoted wellness and a healthy workplace culture through the Employee Wellness Initiative (EWI) with many fitness and health activities for employees and to help keep issues in perspective, we encouraged volunteering to assist the less fortunate members of the community through our employee volunteering programme, 'Baiduri Cares'.

Employees are encouraged to spend eight hours volunteering for events and activities for the benefit of the community which offers both social and mental engagement. In March 2021, the bank introduced the Graduate Apprenticeship Programme (GAP), a holistic 6-month learning and development programme. Targeting recent graduates, the objective is to equip them with the necessary knowledge, skills and experience to increase their employability in the local job market.

In December 2021, we launched the Leadership Academy, a platform for people managers at all levels to proactively direct their own learning and development by leveraging on the Leadership Development Programme to become competent leaders of the future.

The objectives of the Leadership Academy are:

- To develop dynamic leaders equipped with relevant skills to lead successfully
- To help achieve our strategic goal to become the most preferred employer in Brunei
- To foster an organisational culture of self-directed growth
- To introduce a structured roadmap for existing and new leaders based on our Leadership Development Programme

Diversity, Equity and Inclusion

Corporate policies on Diversity, Equity and Inclusion (DEI) are increasingly recognised around the world as a measure of an enterprise's progressiveness. Beyond being more open to minorities, DEI is fundamental to an organisation's capability to access and incorporate the widest possible range of talent, skills and experience. A diverse team is more vibrant and has been seen to have a higher level of employee engagement while different perspectives on business issues contribute to problem solving and ultimately corporate advantage.

Underpinning diversity is a key attribute of our brand, one we take very seriously. One of our brand values is to be inclusive, and we are committed to these principles:

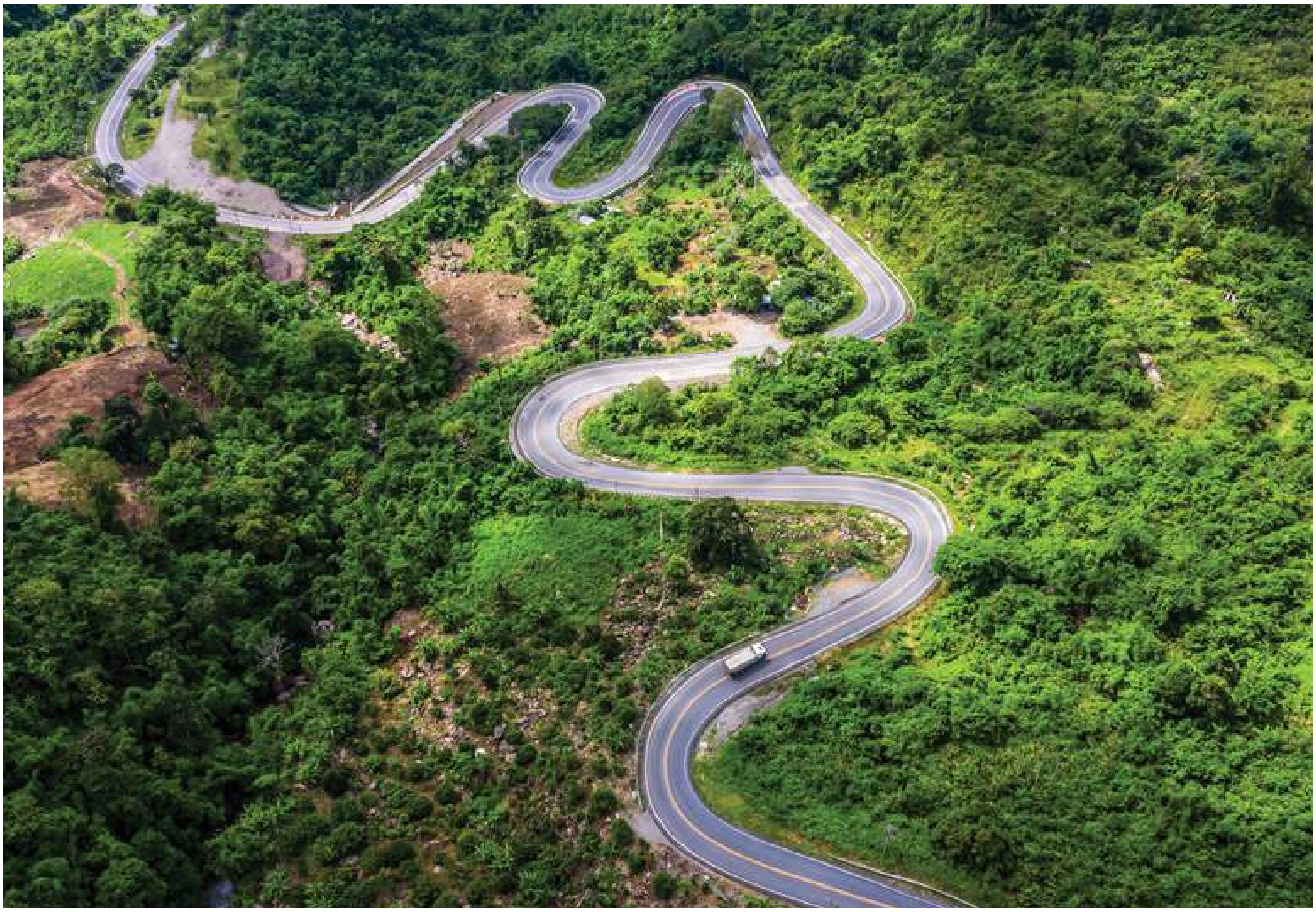
- Collegiality by pooling resources and knowledge for overall success
- Equal respect for all ages, cultures, religions, gender and those with disabilities
- Equal treatment and respect regardless of job rank or position
- Equal opportunities for development and learning regardless of gender or professional background

Our HR team will continue to develop specific policies for DEI and we reiterate its importance to the bank, as we see this sets us apart from our competitors. To us, diversity is also reflected in our commitment to serve diverse segments of the society through a wider range of products and services that cater to all our customers' needs.

Towards Sustainability

During the year, the Intergovernmental Panel on Climate Change (IPCC) report provided a wakeup call to the world as they called time on implementing the measures needed to halt global warming. Sustainability and protecting the environment is increasingly important to our customers, partners and all of us here at Baiduri Bank. Recognising the need to take positive action, in the coming years, we will continue to explore how sustainability - including such factors as Environmental, Social and Corporate Governance (ESG) alongside the United Nations' Sustainable Development Goals (SDGs) - can be embedded into our strategy and operations going forward. This aligns with national commitments as well as regional and global developments and ESG compliance will be a focus for Baiduri Capital, in their portfolio and product development strategies.

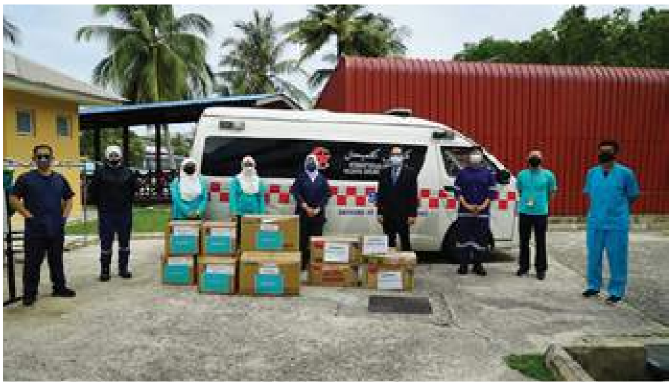
At the national level, the Brunei Darussalam Central Bank will be engaging with various institutional and community stakeholders to develop the sustainable finance roadmap for Brunei. During the COP26 event in Glasgow in late 2021, Hjh Noorrafidah Sulaiman, Deputy Managing Director of BDCB and the current Chair of the ASEAN Taxonomy Board announced Version 1 of the ASEAN Taxonomy for Sustainable Finance. This is a multi-tiered regional classification framework which covers both green and transition activities, designed to provide a common language for sustainable finance among the 10 member states.



The Second Wave of COVID-19

HELPING THE COMMUNITY

As a leading conventional bank, we have a responsibility to the community and this was never more apparent than during the COVID-19 pandemic and our response to the global and local challenges.



For the health and safety of our employees and customers, we implemented several precautionary measures as the second wave of COVID-19 impacted Brunei Darussalam. Most importantly, to minimise people-to-people contact, we encouraged customers to take advantage of our online banking services. We also adjusted our operating hours and branch service operations, in line with the Ministry of Health directive. We introduced a booking system encouraging customers to make an appointment prior to their visit.

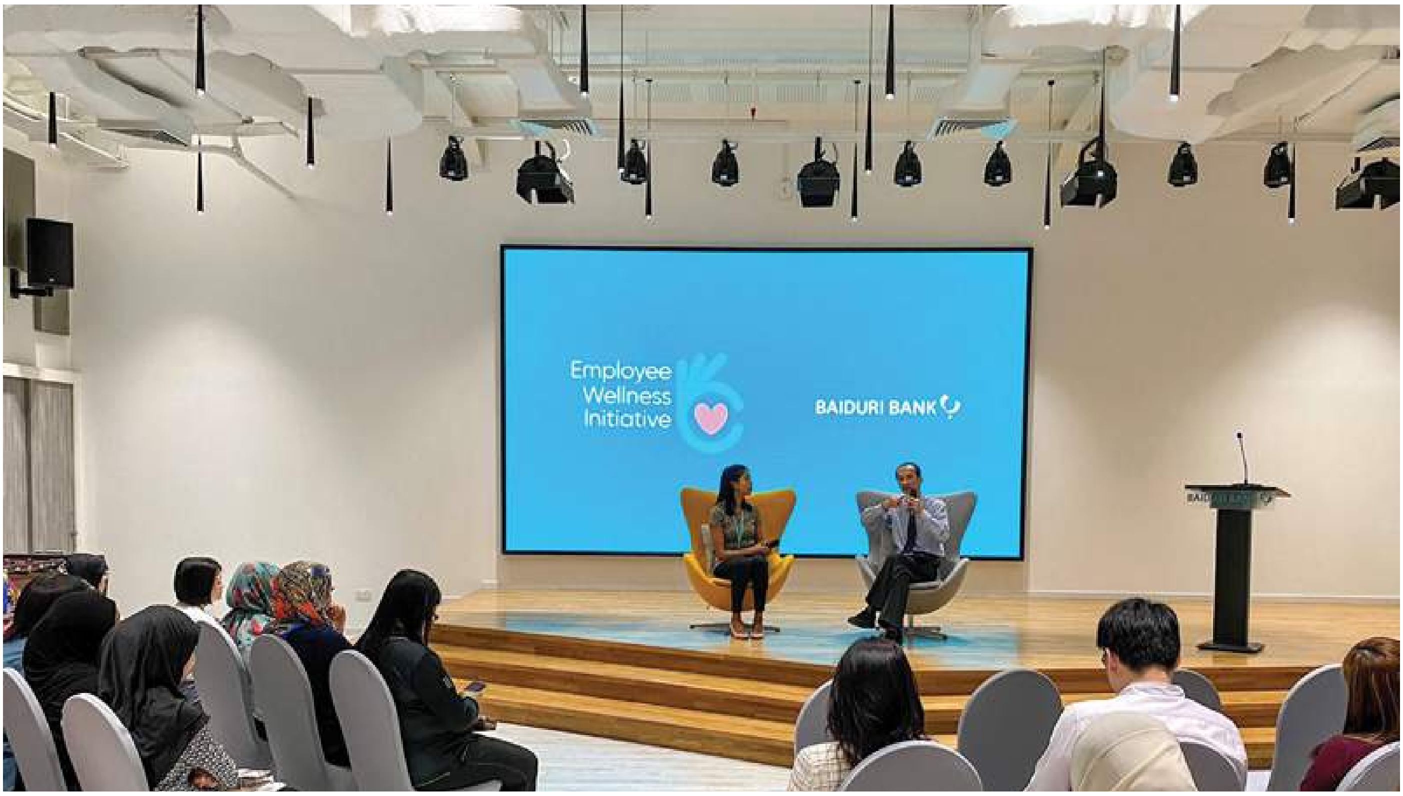
We also provided relief measures for individuals and businesses that were financially impacted by the COVID-19 outbreak. Individuals were able to apply for the deferment of principal payments for certain loans until the end of the year, restructure their personal loans and convert their outstanding credit card balances into an instalment-based repayment plan. Related processing fees (excluding third-party fees) were waived and similar support measures were offered to impacted businesses. These may seem like small incremental measures individually however, in general, these measures demonstrated the tangible support needed by customers during a difficult time.

PROTECTING OUR STAFF

In addition to providing customer support, we took steps to ensure the safety and welfare of our employees through the second wave of the COVID-19 pandemic. The Bank Group introduced a range of health and wellness programmes as well as offering financial support for all our employees.

Recognising the importance of taking care of employees' mental health, we set up a dedicated internal WhatsApp line for employees who needed general support and guidance during this period. Additionally, all employees were given special care kits that included surgical face masks and reusable face masks to encourage the habit of double masking for added protection.

Employees who were able to support business operations from home and did not need to be on the bank premises were highly encouraged to do so, especially pregnant employees and those with prior medical conditions. Almost nearly 50% of the Bank Group's employees worked from home, either fully or on rotation basis. To accommodate remote working, the Bank Group increased its investment in IT devices including laptops and smartphones.



A series of virtual wellness activities and workshops were introduced in collaboration with health experts focusing on promoting employees' mental health, as well as online learning programmes for employees to continue their learning and development at their own pace and from home. The Bank Group's recreation club did an outstanding job bringing the team together through weekly virtual group activities such as dancing, yoga and exercising.

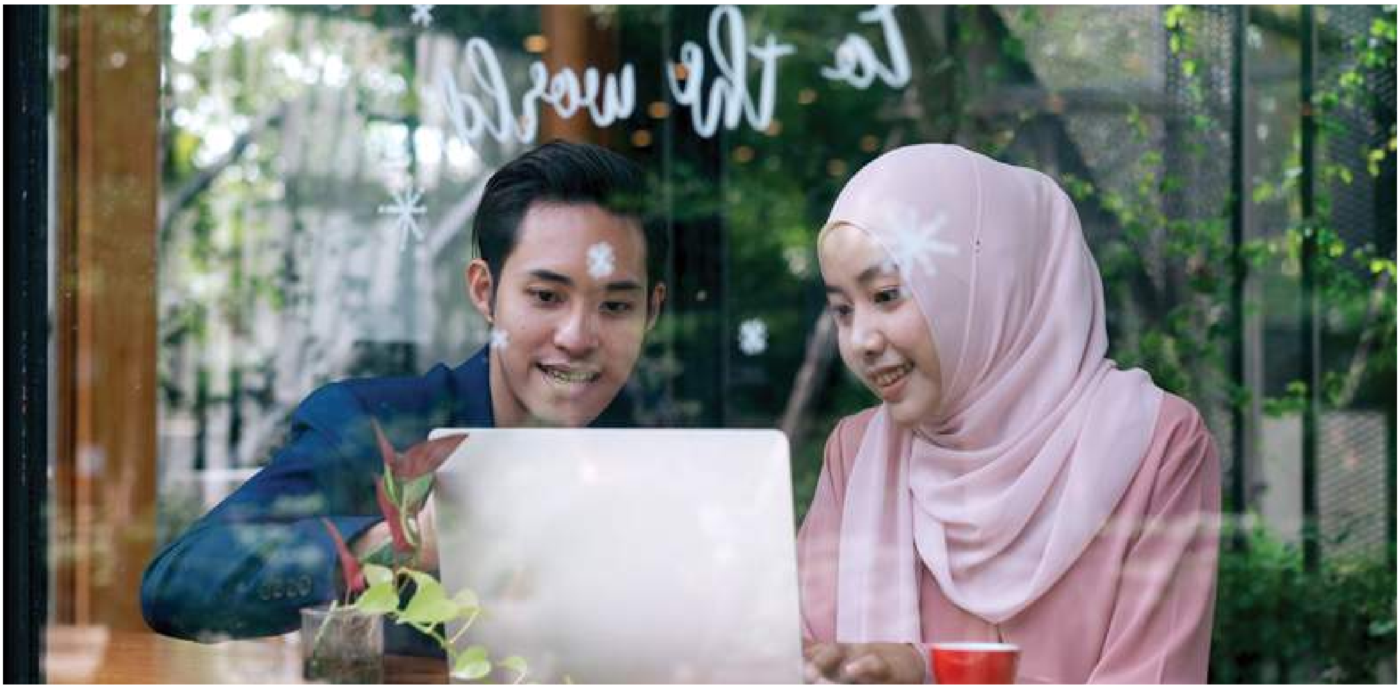
In support of the National Vaccination Program, we encouraged all employees to get vaccinated offering two days of leave in-lieu for each vaccine dose to cover time away for appointments and any short-term recovery. We established strict precautions to ensure a safe working environment, such as the daily cleaning of workspaces and common areas across all the branches and offices. We adhered to strict safety procedures such as mandating the use of face masks, sanitizing stations at all common areas, making thermometers and additional face masks available in all offices, availability of face shields and antigen rapid test (ART) kits for frontliners, as well as installing air purifiers to help mitigate airborne viruses at the Bank's Main branch and Headquarters. Branch frontliners were also on rotation shifts to reduce any contact, and the working hours for employees working in the offices and branches were reduced.

Under the Bank Group's 'Employee Assistance Programme', a special grant was available for employees facing financial difficulty, including those who have been adversely affected by the pandemic. We also introduced a monthly allowance both for employees working from offices as well as those working from home, to cover any additional costs incurred for necessities such as internet data, electricity charges and food deliveries.

We are very proud of the resilience and commitment shown by our staff during the COVID-19 situation.
Our employees adapted well to the sudden changes imposed by working from different locations, and still managed to deliver more online initiatives and services enabling our customers to bank from their own homes.

Supporting Entrepreneurship

SME companies form the backbone of most economies worldwide - and Brunei is no exception. While this sector may often have the advantage of smaller size to be flexible and adapt more readily to change, they may not have the resources to ride out long periods of uncertainty or disruption.



In partnership with Darussalam Enterprise (DARe), the national statutory body for MSMEs, we are committed to support the sector through our annual Baiduri SME Empowerment Series initiative. These skills training workshops are designed to complement existing training programmes offered by DARe's Industry Business Academy (IBA), thereby providing a more comprehensive, well-rounded training curriculum to local entrepreneurs, empowering them to achieve greater success in their business ventures.

Supporting the initiative since April 2019, we have held various workshops tailored to MSMEs' needs covering a range of topics, from e-commerce to product marketing. In March 2021, the partnership hosted a workshop titled "A Strategic Planning Development Workshop." Some 20 local businesses attended the interactive training workshop and learned how to apply strategic thinking and systems thinking techniques and how to align top-level visions across all the levels in their businesses. The workshop ended with a one-day clinic to apply what they learnt in a real-life scenario.

We have also been actively involved in the TRANSFORM series as a presenting sponsor for the last 15 years. This is a programme for Brunei business owners, entrepreneurs and managers developed by Asia Inc Forum in partnership with Baiduri Bank. The programme provides a strategic platform for business and entrepreneurship development, learning and networking through a series of dialogues, forum discussions and workshops bringing together international speakers and the local business community.

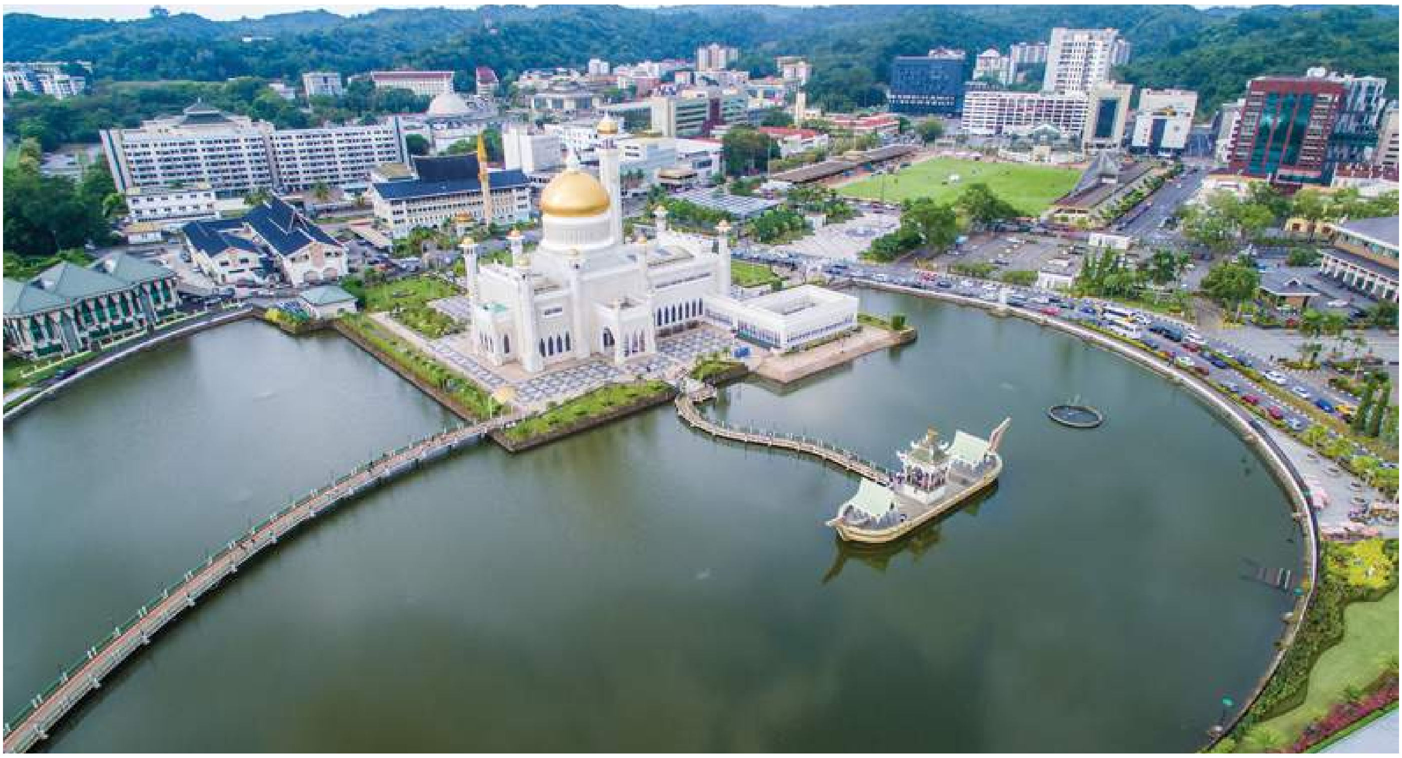
We believe entrepreneurship should start early and we were pleased to sponsor the 6th ASEAN Young Entrepreneurs (AYE) Carnival as Official Bank Partner. Approximately 1,000 businesspeople from around the region attended the four-day virtual event where young entrepreneurs discussed key economic developments and networked over business opportunities. The AYE Carnival is the annual flagship event of the ASEAN Young Entrepreneurs Council (AYEC). This was the first time Brunei organised the Carnival, on the theme of "Reimagining Business in the New Paradigm". We will continue to work closely with key stakeholders in the public and private sectors to support the development of MSMEs, particularly in technology adoption and participation in global supply chains.

Investment Literacy

The goals of Wawasan Brunei 2035 are to have highly educated, skilled and accomplished people, a high quality of life and a dynamic and sustainable economy. We see financial literacy as a crucial component of this vision.

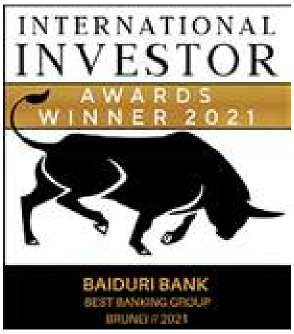
We need to instil the saving culture across all segments of society, and especially amongst the younger generations. Untill now, Brunei has very much been a 'welfare state' with no income tax and free education. It is therefore essential to encourage a shift in mindset, to reduce the dependency of the people on government provisions and help them be more enterprising, capable of planning and providing for their own future needs.

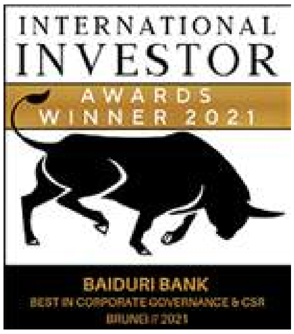
Now in its fifth year, the Baiduri Capital Investment Challenge (BCIC) is our commitment to elevate investment literacy paving the way for further developments in the local capital markets and the possible long term debut of Brunei's stock exchange. The establishment of a capital market will encourage economic activity in the country by offering companies access to alternative financing.

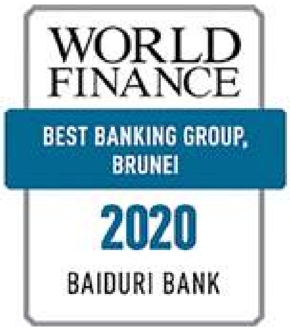


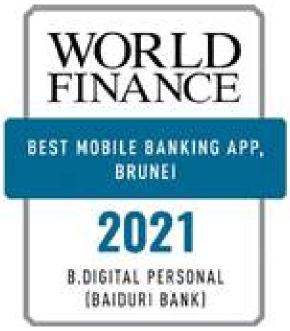
International Awards and Recognitions

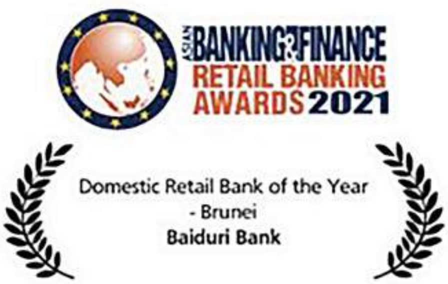
In 2021, Baiduri Bank was recognised as the ‘Best Banking Group for Brunei’ and ‘Best in Corporate Governance & CSR’ by International Investor; ‘Best Banking Group for Brunei’ and ‘Best Mobile Banking App for Brunei’ by World Finance’ the Gold Award for the ‘Most Innovative and Sustainable Office Design’ for its headquarters in the Employee Experience Awards 2021 by Human Resources Online; and the ‘Domestic Retail Bank of the Year for Brunei’ and ‘Marketing and Brand Initiative of the Year for Brunei’ from Asian Banking & Finance.

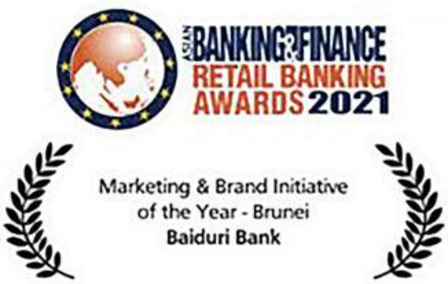












Renewed CSR Pillars

We are deeply conscious of our responsibility to the people of Brunei Darussalam, and beyond the **'Baiduri Cares"** scheme, we actively seek to be a good corporate citizen in multiple ways.

SOCIAL
Engaging with the local community is an important aspect of our corporate social responsibility. We regularly hold events for the betterment of our community in the areas of arts and culture, community welfare, charity and sports.

ECONOMY
We strive to create a competitive marketplace by improving the overall financial literacy of the general public, promote a better business environment, improve business relations or upskilling key demographics and supporting entrepreneurship.

ENVIRONMENT
Our environmental CSR aims to reduce any damaging effects on the environment from our business activities promoting zero-waste, supporting green causes and businesses, and awareness of climate issues.

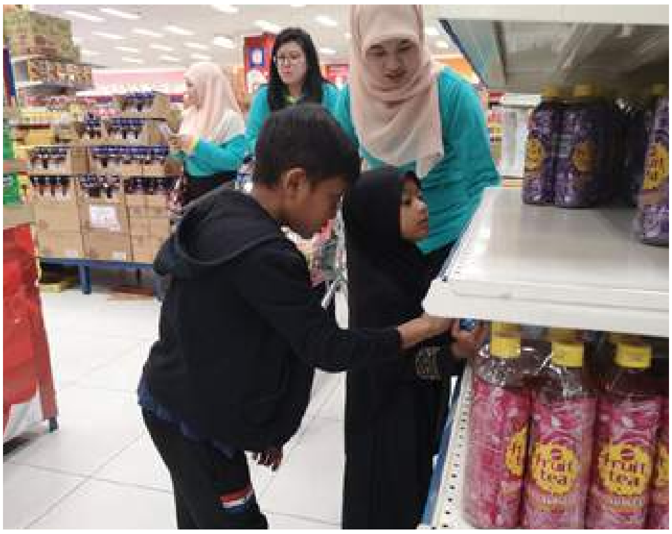
VOLUNTEERING
An important highlight is our partnership with the Ministry of Culture, Youth and Sports that produced the national volunteering app, Mengalinga. This is the nation's native mobile application platform for volunteers to participate in events organised by companies, organisations and non-government organisations, and allows organisers to call out for volunteers for their events.

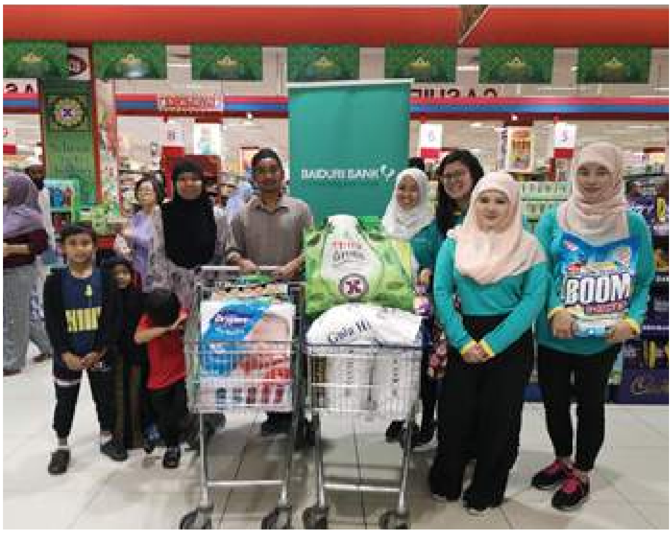
Community volunteerism is a key aspect of our CSR "Social" pillar. This partnership is significant in the sense that we see this as a starting point to mobilise the community, especially the young people, to be actively engaged in volunteering. It provides a platform to connect the government, NGOs and the community and unite all parties to commit to the common good. We will continue to work closely with the Ministry to promote greater awareness and participation.

HELP FOR THE UNDERPRIVILEGED

We are also proud of "**Let's Give Back this Ramadhan,**" one of our flagship programmes. This initiative provides relief for selected underprivileged families in the four districts by taking them shopping for household and basic necessities in preparation for Hari Raya. The final event of the series, a shopping excursion and iftar for 22 under-privileged families in the Brunei-Muara district was held at Sim Kim Huat (SKH), Sg. Hanching and SKH, Annajat Complex. The families were identified through Majlis Kesejahteraan Masyarakat (MKM) Brunei, a non-profit organisation established to address social issues in Brunei by providing assistance to improve the welfare of the vulnerable in the country. Earlier events took place in Temburong, Tutong and Belait districts.

Let's Give Back this Ramadhan is an example of our active partnerships with NGOs and other private sector companies like DART, our ride booking app, and the local grocers. With our focus on technology, we will continue to explore opportunities to extend these types of efforts even further on the basis of helping the recipients to help themselves.

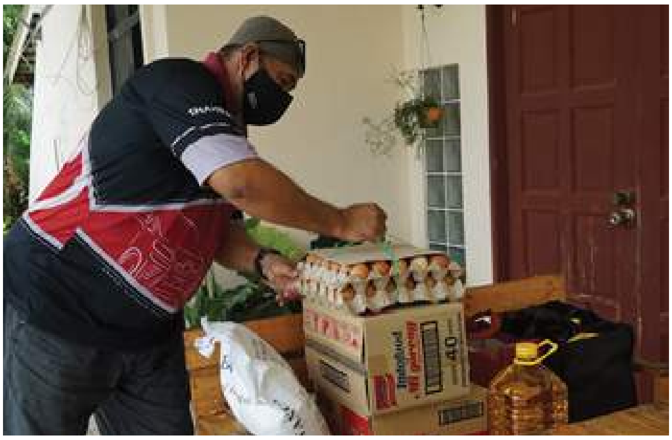


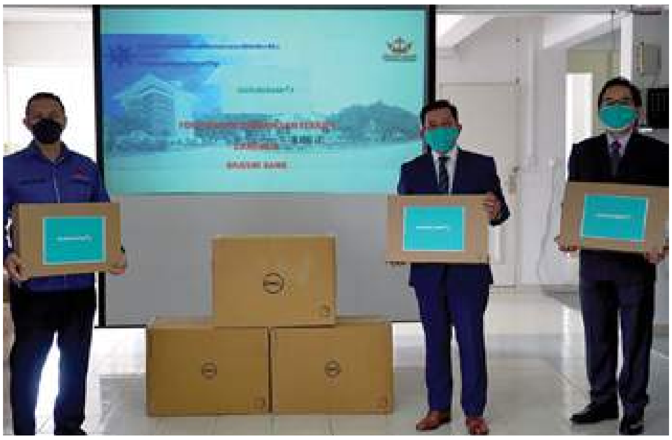


CSR Activities and Initiatives

In our efforts to support local NGOs and businesses, we also partnered with the Impian Project, Dart Logistics and Maju Grocer Supermarket to provide essential groceries for 60 underprivileged special needs families from all four districts.

Recognising the challenges resulting from the closing of schools during the pandemic, we donated 100 brand new laptops to the Ministry of Education to help underprivileged students continue their studies from home.



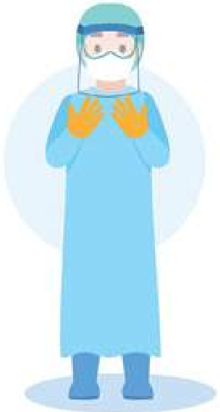


HELP FOR BUSINESSES AND MSME

Our Corporate Banking Arm has the largest market share in trade finance in Brunei Darussalam, and conscious of the potential risk of disruption to supply chains, we proactively offered financing to major food importers during the pandemic.

In the MSME sector, we have also provided further assistance to encourage cashless payments and eCommerce, through offering easy integration services with digital features that help manage billings and receivables.

We donated personal protective equipment (PPE) to the Ministry of Health



5,000
face masks

2,500
pairs of gloves

1,000
face shields

1,000
antigen rapid test kit

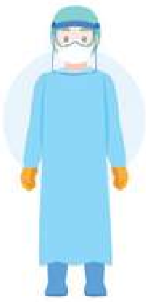
We also donated personal protective equipment (PPE) to the Emergency Medical Ambulance Service (EMAS)

1,000
jupiter suits

600
face shields

donated
snacks and drinks

We donated PPE to Sukarelawan Belia COVID-19

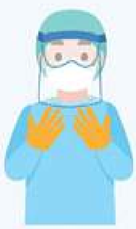


2,000
face masks

1,000
pairs of gloves

1,000
face shields

500
hand sanitizers



240
universal protective kits (UPKs) to the Ministry of Health

BAIDURI BANK BERHAD AND ITS SUBSIDIARIES

REPORT OF THE DIRECTOR AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 21, 2021

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and audited consolidated financial statements of Baiduri Bank Berhad (the "Bank") and its subsidiaries (the "Group") for the financial year ended December 31, 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Bank and the Group are to carry on the business of banking and related financial services including dealing in investment securities and e-financial services. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Note	Bank B$'000	Group B$'000
Balance as at January 1, 2021		**122,479**	**177,574**
Profit for the year		**58,538**	**64,006**
Transferred to Statutory Reserve from Retained Earnings		**(14,634)**	**(18,301)**
Dividend paid		**(19,000)**	**(19,000)**
Balance as at December 31, 2021	**30**	**147,383**	**204,279**

RESERVES AND PROVISIONS

There were no other material transfers to or from reserves and provisions during the financial year other than those disclosed in the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The state of affairs of the Bank and the Group as at December 31, 2021 are set out in the statements of financial position. These consolidated financial statements were approved by the Board of Directors on March 16, 2022.

REPORT OF THE DIRECTORS

DIVIDEND

Dividend declared and paid during the financial year are as follows:

	B$
Final dividend paid in respect of the financial year ended December 31, 2020	19,000,000

At the forthcoming Annual General Meeting, a final dividend of B$ 20,000,000 in respect of the financial year ended December 31, 2021 will be proposed for shareholders' approval.

DIRECTORS

The directors in office of the Bank at the date of this report are:

YAM Pengiran Muda Dr Abdul Fattaah

YM Dato Paduka Timothy Ong Teck Mong

YM Dato Seri Paduka Dr Awg Haji Abdul Manaf Bin Haji Metussin

YM Hajah Rahayu Binti Dato Paduka Haji Abdul Razak

Pierre Imhof

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND/OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the Bank or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND/OR DEBENTURES

The directors holding office at the end of the financial year had no interests in the share capital or debentures of the Bank and related corporations as recorded in the register of directors' shareholdings kept by the Bank under Section 145A of the Brunei Darussalam Companies Act, Chapter 39, except as follows:

	Holdings registered under the name of director or nominee	
Name of directors and companies in which interests are held	At December 31, 2021	At January 1, 2021 or date of appointment, if later
Subsidiary company		
Baiduri Finance Berhad		
(Ordinary shares)		
YAM Pengiran Muda Dr Abdul Fattaah	1	1
YM Dato Paduka Timothy Ong Teck Mong	1	1
Pierre Imhof	1	1

DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed, by reason of a contract made by the Bank or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the consolidated financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

AUDITORS

The auditors, Deloitte & Touche, have indicated their willingness to accept re-appointment.

ON BEHALF OF THE BOARD

____

DIRECTOR

____

DIRECTOR

____

DIRECTOR

Brunei Darussalam
Date: March 16, 2022

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Baiduri Bank Berhad (the "Bank") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Bank and the Group as at December 31, 2021 and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Bank and the Group for the financial year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages 7 to 109.

In our opinion, the accompanying consolidated financial statements of the Bank and the Group are properly drawn up in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (the "Act"), the Brunei Darussalam Banking Order, 2006 (the "Order") and International Financial Reporting Standards ("IFRS"), so as to give a true and fair view of the financial position of the Bank and the Group as at December 31, 2021 and of the financial performance, changes in equity and cash flows of the Bank and the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Brunei Darussalam, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the Report of the Directors included in pages 1 to 3 and the Pillar 3 Public Disclosure report appended to the consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's Statement, Corporate Information, Corporate Highlights and List of Offices, Branches and ATM Network ("the Reports") which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Responsibilities of Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the provisions of the Act, the Order and IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use of disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair consolidated financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, the directors are responsible for assessing the Bank's and the Group'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 the directors either intends to liquidate the Bank and the Group or to cease operations,
or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Bank's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Bank's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and the Group's ability 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 consolidated 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 Bank and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, if any, 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 and the Order to be kept by the Bank and the Group have been properly kept in accordance with the provisions of the Act and the Order. We have obtained all the information and explanations that we required.

Deloitte . Touche

DELOITTE & TOUCHE
Certified Public Accountants

HAJI ZULFARIQ ZARA BIN HAJI ZAINUDDIN
Public Accountant

Brunei Darussalam

Date: March 16, 2022

STATEMENT OF PROFIT OR LOSS

For the year ended December 31,2021

	Note	Bank 2021 B$'000	Bank 2020 B$'000	Group 2021 B$'000	Group 2020 B$'000
Income					
Interest Income		**76,892**	81,682	**132,036**	136,813
Interest Expense		**(8,191)**	(12,261)	**(9,891)**	(15,184)
Net Interest Income	5	**68,701**	69,421	**122,145**	121,629
Fee Income		**11,190**	9,599	**13,892**	11,099
Fee Expense		**(875)**	(457)	**(1,608)**	(838)
Net Fee Income		**10,315**	9,142	**12,284**	10,261
Other Operating Income	6	**51,250**	47,617	**31,591**	28,799
Net (Loss)/Income from Other Financial Instruments at Fair Value through Profit or Loss	7	**(171)**	253	**(171)**	253
Net Other Operating Income		**51,079**	47,870	**31,420**	29,052
Total Operating Income before Impairment Charges an Allowances		**130,095**	126,433	**165,849**	160,942
Less:					
Personnel Expenses	8	**(33,964)**	(33,681)	**(40,321)**	(39,848)
Provision for End of Service Benefits		**(250)**	(1,000)	**(538)**	(1,288)
Other Overhead Expenses	9	**(29,841)**	(29,918)	**(48,954)**	(49,533)
Total Operating Expenses		**(64,055)**	(64,599)	**(89,813)**	(90,669)
Less:					
Impairment Losses for Loans	4.4	**(8,120)**	(9,246)	**(16,618)**	(21,269)
Impairment of Investments/Placements		**(14)**	(343)	**(14)**	(343)
Loans/Financing Written-off		**(141)**	(49)	**(141)**	(49)
Recoveries of Loans/Financing Written-off		**9,934**	10,236	**19,669**	20,964
Net Impairment Charges and Allowances		**1,659**	598	**2,896**	(697)
Profit before Taxation		**67,699**	62,432	**78,932**	69,576
Less: Income Tax Expense	10	**(9,161)**	(5,588)	**(14,926)**	(10,708)
Profit after Taxation / Profit for the year		**58,538**	56,844	**64,006**	58,868

The significant accounting policies and the notes from pages 12 to 109 form an integral part of the consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2021

	Bank		Group	
	2021	**2020**	**2021**	**2020**
	B$'000	**B$'000**	**B$'000**	**B$'000**
Profit after Taxation / Profit for the year	**58,538**	56,844	**64,006**	58,868
Other Comprehensive Income	**-**	-	**-**	-
Total Comprehensive Income for the year	**58,538**	56,844	**64,006**	58,868

The significant accounting policies and the notes from pages 12 to 109 form an integral part of the consolidated financial statements.

STATEMENTS OF FINANCIAL POSITION
As at December 31, 2021

		Bank		Group	
	Note	**2021**	**2020**	**2021**	**2020**
		B$'000	**B$'000**	**B$'000**	**B$'000**
ASSETS					
Cash and balances with banks and other financial institutions	11	**1,134,821**	1,345,612	**1,146,996**	1,356,600
Balances with BDCB	12	**-**	-	**66,250**	62,252
Derivative Assets	13	**374**	477	**374**	477
Government Sukuk	14	**18,350**	79,844	**18,350**	79,844
Investment Securities	15	**955,531**	577,423	**955,531**	577,423
Loans and Advances	16	**1,253,961**	1,215,968	**2,072,195**	2,017,487
Investments in Subsidiaries	18	**47,949**	47,949	**-**	-
Other Assets	19	**3,615**	9,375	**37,109**	40,191
Right-of-use Assets	20	**1,421**	2,326	**2,519**	3,822
Property, Plant and Equipment	21	**56,368**	58,198	**57,452**	59,440
Total Assets		**3,472,390**	3,337,172	**4,356,776**	4,197,536
LIABILITIES AND EQUITY					
Deposits from Customers	22	**2,507,945**	2,419,004	**3,612,655**	3,476,546
Deposits from Banks and Other Financial Institutions	23	**360,852**	337,996	**3,072**	12,056
Derivative Liabilities	13	**5**	76	**5**	76
Borrowings	24	**-**	26,521	**-**	26,521
Lease Liabilities	25	**1,512**	2,445	**2,717**	4,015
Group Balances Payable	17	**2,579**	2,191	**-**	-
Other Liabilities	26	**80,915**	74,254	**95,433**	85,241
Deferred Taxation	27	**7,446**	7,446	**7,493**	7,493
Provision for Taxation	10	**19,943**	15,584	**44,028**	39,221
Total Liabilities		**2,981,197**	2,885,517	**3,765,403**	3,651,169
SHAREHOLDERS' EQUITY					
Share Capital	28	**180,000**	180,000	**180,000**	180,000
Statutory Reserve	29	**158,656**	144,022	**201,940**	183,639
Other Reserves	30	**152,537**	127,633	**209,433**	182,728
Total Shareholders' Funds/ Total Equity		**491,193**	451,655	**591,373**	546,367
Total Liabilities and Equity		**3,472,390**	3,337,172	**4,356,776**	4,197,536
Off-Balance Sheet items:					
CONTINGENCIES AND COMMITMENTS	31	**1,215,879**	1,078,328	**1,215,879**	1,078,328

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

Director　　Director　　Director

STATEMENTS OF CHANGES IN EQUITY

For the year ended December 31, 2021

					Retained Earnings		
	Note	Share Capital	Statutory Reserve	General Reserve	Retained Earnings	Prudential Reserve for Credit Losses	Total Equity
Bank		**B$'000**	**B$'000**	**B$'000**	**B$'000**	**B$'000**	**B$'000**
Balance as at January 1, 2020		180,000	129,811	5,154	96,724	1,872	413,561
Net profit for the year, representing total comprehensive income for the year		-	-	-	56,844	-	56,844
Transfer to:							
- Statutory reserve		-	14,211	-	(14,211)	-	-
- Prudential reserve for credit losses		-	-	-	1,490	(1,490)	-
Dividend paid		-	-	-	(18,750)	-	(18,750)
Balance as at December 31, 2020		**180,000**	**144,022**	**5,154**	**122,097**	**382**	**451,655**
Net profit for the year, representing total comprehensive income for the year		-	-	-	58,538	-	58,538
Transfer to:							
- Statutory reserve		-	14,634	-	(14,634)	-	-
- Prudential reserve for credit losses		-	-	-	321	(321)	-
Dividend paid		-	-	-	(19,000)	-	(19,000)
Balance as at December 31, 2021		**180,000**	**158,656**	**5,154**	**147,322**	**61**	**491,193**

				Retained Earnings		
	Share Capital	Statutory Reserve	General Reserve	Retained Earnings	Prudential Reserve for Credit Losses	Total Equity
Group	**B$'000**	**B$'000**	**B$'000**	**B$'000**	**B$'000**	**B$'000**
Balance as at January 1, 2020	**180,000**	**166,051**	**5,154**	**152,710**	**2,334**	**506,249**
Net profit for the year, representing total comprehensive income for the year	-	-	-	58,868	-	58,868
Transfer to:						
- Statutory reserve	-	17,588	-	(17,588)	-	-
- Prudential reserve for credit losses	-	-	-	1,186	(1,186)	-
Dividend paid	-	-	-	(18,750)	-	(18,750)
Balance as at December 31,2020	180,000	183,639	5,154	176,426	1,148	546,367
Net profit for the year, representing total comprehensive income for the year	-	-	-	64,006	-	64,006
Transfer to:						
- Statutory reserve	-	18,301	-	(18,301)	-	-
- Prudential reserve for credit losses	-	-	-	181	(181)	-
Dividend paid	-	-	-	(19,000)	-	(19,000)
Balance as at December 31, 2021	**180,000**	**201,940**	**5,154**	**203,312**	**967**	**591,373**

STATEMENTS OF CASH FLOW

For the year ended December 31, 2021

	Note	Bank 2021 B$'000	Bank 2020 B$'000	Group 2021 B$'000	Group 2020 B$'000
Cash flows (used in)/generated from operating activities					
Profit before taxation:		**67,699**	62,432	**78,932**	69,576
Adjustments for non-cash items:					
Depreciation of Property, Plant and Equipment	21	**6,167**	5,885	**6,443**	6,190
Depreciation of Right-of-use Assets	20	**698**	1,018	**1,281**	1,528
Gain on Disposal of Property, Plant and Equipment	6	(108)	(130)	(107)	(156)
Loss on Disposal of Property, Plant and Equipment	9	**1**	56	1	56
Net Loss/(Income) from Other Financial Instruments at Fair Value through Profit or Loss		**171**	(253)	171	(253)
Interest Expense on Lease Liabilities		**86**	145	165	241
Impairment of Investments/Placements		**14**	343	14	343
Impairment Losses for Loans	4.4	**8,120**	9,246	16,618	21,269
(Decrease)/Increase in Accrued Expenditure and Provisions		**(2,516)**	2,079	(1,982)	4,079
Operating profit before change in operating assets and liabilities		**80,332**	80,821	101,536	102,873
Change in Operating assets and liabilities:					
Placements with Banks		**(181,730)**	(36,568)	**93,503**	(172,890)
Balances with BDCB		**-**	-	**(3,998)**	(9,172)
Derivative Assets		**103**	119	**103**	119
Loans and Advances		**(46,113)**	(31,603)	**(71,326)**	(59,619)
Other Assets		**5,760**	(326)	**3,082**	(3,226)
Deposits from Customers		**88,941**	3,427	**136,109**	155,502
Deposits from Banks and Other Financial Institutions		**22,856**	126,192	**(8,984)**	8,166
Derivative Liabilities		**(71)**	40	**(71)**	40
Other Liabilities		**9,565**	2,571	**12,174**	(2,760)
Cash (used in)/from operating activities		**(20,357)**	144,673	**262,128**	19,033
Income Tax Paid		**(4,802)**	(6,453)	**(10,119)**	(11,572)
Net cash (used in)/from operating activities		**(25,159)**	138,220	**252,009**	7,461
Cash flows used in investing activities					
Purchase of Property, Plant and Equipment	21	**(5,161)**	(14,653)	**(5,280)**	(15,307)
Proceeds from disposal of Property, Plant and Equipment		**931**	1,244	**931**	1,274
Net Investments		**(316,799)**	(501,695)	**(316,799)**	(501,695)
Net cash used in investing activities		**(321,029)**	(515,104)	**(321,148)**	(515,728)

Cash flows (used in)/generated from financing activities					
(Repayment)/Drawdown of Borrowings	32	**(26,521)**	26,521	**(26,521)**	26,521
Repayment of Lease Liabilities	32	**(812)**	(1,124)	**(1,441)**	(1,705)
Dividend paid		**(19,000)**	(18,750)	**(19,000)**	(18,750)
Net cash (used in)/from financing activities		**(46,333)**	6,647	**(46,962)**	6,066
Net change in Cash and Cash Equivalents		**(392,521)**	(370,237)	**(116,101)**	(502,201)
Cash and Cash Equivalents as at January 1		**1,090,151**	1,460,388	**825,906**	1,328,107
Cash and Cash Equivalents as at December 31	32	**697,630**	1,090,151	**709,805**	825,906

The significant accounting policies and the notes from pages 12 to 109 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

1 GENERAL

Baiduri Bank Berhad (the "Bank") is incorporated in Negara Brunei Darussalam with its principal place of business and registered office at Baiduri Bank Headquarters, 1 Jalan Gadong, Bandar Seri Begawan BA1511, Negara Brunei Darussalam. The Bank carries on the business of banking and related financial services including dealing in investment securities and e-financial services. The principal activities of the subsidiaries are disclosed in Note 18 to the consolidated financial statements. There have been no significant changes in the nature of these activities during the financial year. The consolidated financial statements were authorised for issue by the Board of Directors on March 16, 2022.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF FINANCIAL STATEMENTS PREPARATION

The financial statements of the Bank and the Group have been prepared in accordance with the Brunei Darussalam Companies Act, Chapter 39, the Brunei Darussalam Banking Order, 2006 and the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Details of the Bank's and the Group's accounting policies, including changes during the year, are included within Note 2.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries made up to 31 December each year. Control is achieved when the Bank:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 BASIS OF CONSOLIDATION (cont'd)

When the Bank has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

• The size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

• Potential voting rights held by the Bank, other vote holders or other parties;

• Rights arising from other contractual arrangements; and

• Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statements of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 BASIS OF CONSOLIDATION (cont'd)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, the gain or loss on disposal is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Bank's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.3 BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except for certain investment securities and derivative financial instruments classified as at fair value through profit or loss that have been measured at fair value at the end of each reporting period. The consolidated financial statements are presented in Brunei Dollars and all values are rounded to the nearest thousand (B$000), except when otherwise indicated. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 BASIS OF MEASUREMENT (cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those charavcteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use for assessing impairment of non-financial assets in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

2.4 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

2.4.1 Interest

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Interest income and expense for all financial instruments, except for those measured at fair value through profit and loss are recognised in profit or loss using the effective interest method except for short term receivables/payables when the effect of discounting is not significant. The effective interest rate ("EIR") is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the EIR, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 REVENUE RECOGNITION (cont'd)

2.4.1 Interest (cont'd)

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses ("ECLs")). For financial assets originated or purchased credit-impaired, the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset. Interest on financial instruments measured as at fair value through profit or loss is included within the fair value movement during the period, see 'Net (Loss)/Income from Other Financial Instruments at Fair Value through Profit or Loss'.

2.4.2 Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, 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, which are expensed as the services are received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 REVENUE RECOGNITION (cont'd)

2.4.3 Other operating income

Other operating income comprises dividend income from a subsidiary, fees, charges and others, realised and unrealised gains from foreign exchange transactions, management fees from a subsidiary, gain on disposal of investment, and gain on disposal of property, plant and equipment.

Management fee
Management fee from the subsidiaries is recognised on accrual basis.

Dividend income
Dividend income from subsidiaries is recognised when the shareholders' rights to receive payment have been established.

2.4.4 Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to non-derivatives (non-trading) held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. The Group has elected to present the full fair value movement of assets and liabilities at FVTPL in this line, including the related interest, dividends and foreign exchange differences.

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2.5 LEASES

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate, which is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 LEASES (cont'd)

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstance resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 LEASES (cont'd)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in profit or loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other overhead expenses' in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

2.6 FOREIGN CURRENCIES

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 TAXATION

The income tax expense represents the sum of the tax currently payable and deferred tax.

2.7.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the statements of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

2.7.2 Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and it is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 TAXATION (cont'd)

2.7.2 Deferred tax (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.7.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

At each year end, the management reassessed the estimated useful lives of various items of property, plant and equipment. The estimated useful lives for the current and comparative periods of significant items of property and equipment are as follows:

Freehold Land and Buildings	50 years (buildings)
Leasehold Land and Buildings	Over period of the lease
Leasehold Improvements	5 – 20 years
Computers	2 - 15 years
Equipment / Furniture	5 – 10 years
Motor vehicles	5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 PROPERTY, PLANT AND EQUIPMENT (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.10 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.10.1 ONEROUS CONTRACTS

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.11 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's statements of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' ("FVTPL"), 'fair value through other comprehensive income' ("FVTOCI") and 'amortised cost'. The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

(i) Financial assets at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding ("SPPI").

For the purpose of the SPPI test, principal is the fair value of the financial asset at initial recognition. The principal amount may change over the life of the financial assets (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basis lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risk or volatility in the contractual cash flows that are unrelated to a basic lending arrange-
ment, such as exposure to changes in equity prices or commodities prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(i) Financial assets at amortised cost or at FVTOCI (con't)

The Group has more than one business model for managing its financial instruments which reflect how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called 'worse case' or 'stress case' scenarios. The Group takes into consideration all relevant evidence available such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Group has not identified a change in its business models.

When a financial asset, that is not an equity investment, measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit and loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit and loss but transferred within equity.

Financial assets that are subsequently measured at amortised cost or FVTOCI are subject to impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(ii) Financial assets at FVTPL

Financial assets at FVTPL are:

- Assets with contractual cash flows that are not SPPI; or/and
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'Net (Loss)/Income from Other Financial Instruments at Fair Value through Profit or Loss' line item. Fair value is determined in the manner described in Note 4.

Changes in the fair value of financial assets at FVTPL relating to changes in foreign currency rates and interest income calculated using the effective interest method are recognised in profit or loss.

The fair value of financial assets at FVTPL, that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the financial asset.

(iii) Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(iv) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other Operating Income' line item;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'Other Operating Income' line item. Other exchange differences are recognised in OCI in the investments revaluation reserve, if applicable;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss either in 'Other operating income', if the asset is held for trading, or in 'Net (Loss)/ Income from Other Financial Instruments at Fair Value through Profit or Loss' if otherwise held at FVTPL; and
- For equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investments revaluation reserve, if applicable.

(v) Impairment of financial assets

The Group recognised loss allowances for Expected Credit Losses ("ECLs") on the following financial instruments that are not measured at FVTPL:

- Loans and Advances;
- Government Sukuk;
- Investment Securities;
- Loan commitments issued; and
- Financial guarantee contracts issued.

No impairment loss is recognised on equity investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(v) Impairment of financial assets (cont'd)

With the exception of POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or

- Full lifetime ECL i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risks on that financial instrument have increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided in Note 2.11.1 (ix).

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loans and the cash flows that the Group expects to receive if the loan is drawn down; and

- For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed financial instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measure ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR regardless of whether it is measured on an individual basis or a collective basis.

For other financial assets that are carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(v) Impairment of financial assets (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and advances, where the carrying amount is reduced through the use of an allowance account. When loans and advances are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(vi) Credit-impaired financial assets

A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets which are past due more than 90 days. Evidence of credit-impairment includes observable data about the following events:

- a non-payment of any principal or interest of loans, bonds or sukuks when due;
- the Group, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the Group would not otherwise consider; and
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event – instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assess whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired or significant increase in credit risk, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(vi) Credit-impaired financial assets (cont'd)

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession, the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for more than 90 days.

(vii) Purchased or originated credit-impaired ("POCI") financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For those assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets results in an impairment gain.

(viii) Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk (see below).

The Group considers the following as constituting event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators as highlighted in Note 2.11.1 (vi) above. The definition is applied consistently period to period, and reviewed to ensure accurate reflection of what constitutes a default in the current economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(viii) Definition of default (cont'd)

As a result of the changes in the economic environment due to the COVID-19 pandemic, the Group has refreshed its list of Unlikely to Pay ("UTP") criteria to reflect the current UTP indicators that are evident from borrowers' non-payment behaviour in the current economic environment. Additionally, where an increasing amount of balances may be subject to longer 'days past due' ("dpd"), the Group exercises care in applying the 90 dpd rebuttable presumption, especially where principal payment holidays are introduced, during which borrowers are permitted to defer certain payments, where such payments are no longer past due.

(ix) Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with "low" credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated when the financial instrument was first recognised. In making this assessment, the Group considers both qualitative and quantitative information that is reasonable and supportable including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, taking into consideration of potential impact on the COVID-19 outbreak on these various industries, obtained from economic expert reports on future outlook, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(ix) Significant increase in credit risk (cont'd)

As a back-stop when an asset is more than 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. However, there may be cases during the COVID-19 outbreak where the Group expects a low correlation of lifetime default risks with the 30 days past due rebuttable presumption indicator. For example, where a principal payment holiday is granted to an entire class of financial instruments, either by the Group or the government, the 'blanket' nature of the principal holiday does not discriminate between borrowers and therefore does not provide relevant information to staging at the individual exposure level.

In determining indicators of 'significant increase in credit risk' ("SICR") arising from COVID-19 initiated measures, in spite of the 30 days past due rebuttable presumption, the Group assesses affected exposures for other indicators of significant increases in lifetime default risks at the end of the reporting period. In the absence of detailed information from borrowers during the payment holiday and their broader financial circumstances, alternative assessments are made from a combination of the following factors:

- distinguishing whether a borrower or borrower group is only experiencing short-term liquidity difficulties and those difficulties will be mitigated by the principal payment holiday, perhaps in conjunction with other government reliefs that reduce the risk of default, from others whom the Group does not believe that are experiencing only short-term liquidity difficulties, for example where they are in a sector likely to suffer longer-term difficulties, they will not benefit from government reliefs or reliefs will not reduce their risk of default;

- identifying additional data, or more granularity on existing data, to facilitate the determination of riskier customers. Examples of sources to such data include adverse news available in the public domain, and recent experiences applicable to borrowers of the same demographic profile.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(x) Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction of adjustment of existing covenants or an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment) and amendments to covenants. The Group has an established forbearance policy which applies for corporate and retail.

When a financial asset is modified, the Group assesses whether this modification results in derecognition. In accordance with the Group's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified term is substantially different from the original contractual term, the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;

- At quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest rate. If the difference in present value is greater than 10%, the Group deems the arrangement is substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to write-off, the Group considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(x) Modification and derecognition of financial assets (cont'd)

In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual term; with
- the remaining lifetime PD at the reporting date based on the modified terms.

The financial assets modified as part of the Group's forbearance policy, where modification did not result in derecognition, the estimate PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forborne loan is credit impaired due to the existence of credit impairment, the Group performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan is no longer credit-impaired. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(x) Modification and derecognition of financial assets (cont'd)

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire (including expiry arising from a modification with substantially different terms), or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the group proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(xi) Write off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. A write off constitutes a derecognition event. The Group may continue to apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains, which will be presented in 'Impairment Losses for Loans' in the statements of profit of loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(xii) Presentation of allowance for ECL in the statements of financial position

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

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

2.11.2 Financial liabilities and equity instruments classifications

(i) Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised when the proceeds received, net of direct issue costs.

2.11.3 Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or/as other financial liabilities. For all financial liabilities, the amounts presented on the statements of financial position represent all amounts payable including interest accruals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.3 Financial assets (cont'd)

(i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

- A financial liability is classified as held for trading if:
- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Net (Loss)/Income from Other Financial Instruments at Fair Value through Profit or Loss' line item. Fair value is determined in the manner described in Note 4.5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.3 Financial liabilities (cont'd)

(ii) Other financial liabilities

Other financial liabilities (including deposits, borrowings and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Group's revenue recognition policies.

The Group has not designated any financial guarantee contracts as at FVTPL.

(iv) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

2.11.4 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are recognised initially at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statements of profit or loss depends on the nature of the hedge relationship.

2.12 EMPLOYEE BENEFITS

2.12.1 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 has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the periods during which related services are rendered.

The Group contributes to the Tabung Amanah Pekerja ("TAP") and Supplementary Contributory Pension ("SCP") schemes. These are the defined contribution plans regulated and managed by the Government of Brunei Darussalam, which applies to all local employees.

2.12.2 Short and long-term employee benefits

Short-term employees 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 salary and wages or accumulated paid absence if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions for end of service benefits are made periodically based on the entitlements of the employees. The provisions for end of service benefits are calculated on the basis of the number of years serviced by the employees and are charged to the statements of profit or loss in the period in which the entitlements arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 STANDARDS ISSUED BUT NOT YET EFFECTIVE

As at January 1, 2021, the Group adopted all new and revised IFRS Standards, and interpretation of IFRS Standards that are effective from the date and are relevant to its operations. The adoption of these new/revised IFRS Standards does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current period or prior years.

The following accounting standards have been issued by the IASB but are not yet effective for the Group and earlier application is permitted; however, the Group has not early applied the following accounting standards in preparing these consolidated financial statements.

Accounting standards	Summary of the requirements	Possible impact on consolidated financial statements
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures– Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.	The Group is still assessing the impact of the application of amendments to IFRS 10 and IAS 28, however, does not anticipate that such application will have material impact on its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

Accounting standards	Summary of the requirements	Possible impact on consolidated financial statements
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.	The Group is still assessing the impact of the application of amendments to IAS 1, however, does not anticipate that such application will have material impact on its consolidated financial statements.
Amendments to IFRS 3 Business Combi-nation - Reference to the Conceptual Framework	The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.	The Group is still assessing the impact of the application of amendments to IFRS 3, however, does not anticipate that such application will have material impact on its consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

Accounting standards	Summary of the requirements	Possible impact on consolidated financial statements
Amendments to IAS 16 Property, Plant and Equipment -Proceeds before Intended Use	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.	The Group is still assessing the impact of the application of amendments to IAS 16, however, does not anticipate that such application will have material impact on its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

Accounting standards	Summary of the requirements	Possible impact on consolidated financial statements
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.	The Group is still assessing the impact of the application of amendments to IAS 37, however, does not anticipate that such application will have material impact on its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

Accounting standards	Summary of the requirements	Possible impact on consolidated financial statements
Annual Improvements to IFRS Standards 2018–2020	IFRS 9 Financial Instruments The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted. IFRS 16 Leases The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.	The Group is still assessing the impact of the application of Annual Improvements to IFRS Standards 2018–2020, however, does not anticipate that such application will have material impact on its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

Accounting standards	Summary of the requirements	Possible impact on consolidated financial statements
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies	The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.	The Group is still assessing the impact of the application of amendments to IAS 1 and IFRS Practice Statement 2, however, does not anticipate that such application will have material impact on its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

Accounting standards	Summary of the requirements	Possible impact on consolidated financial statements
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors— Definition of Accounting Estimates	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications: • A change in accounting estimate that results from new information or new developments is not the correction of an error • The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments. The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.	The Group is still assessing the impact of the application of amendments to IAS 8, however, does not anticipate that such application will have material impact on its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

Accounting standards	Summary of the requirements	Possible impact on consolidated financial statements
Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises: • A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: – Right-of-use assets and lease liabilities – Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset • The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.	The Group is still assessing the impact of the application of amendments to IAS 12, however, does not anticipate that such application will have material impact on its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the management has made in the process of applying the Group's accounting policies and that have the most significant effect to the amounts recognised in the consolidated financial statements:

- Significant increase of credit risk: As explained in Note 2, ECL is measured as an allowance equal to 12-month ECL for Stage 1 assets, or at lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk on an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change, there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

3.1 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (cont'd)

- Models and assumptions used: The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See Note 2.11 Financial Instruments and Note 4.4 Financial Risk Management Objectives for more details on ECL.

- Determination of life of revolving credit facilities: The Group measures ECL considering the risk of default over the maximum contractual period. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

3.1 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (cont'd)

The following are key estimations that the management have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

Calculation of loss allowance

(i) Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario: When measuring ECL, the Group uses reasonable and supportable forward looking information which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 4.4 for more details, including analysis of the sensitivity of the reported ECL to changes in estimated forward-looking information.

(ii) Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(iii) Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from accepted collateral by the Group. The calculation is on a discounted cash flow basis where the cash flows are discounted by the original EIR of the loan.

Further information on the carrying amounts of loans and advances and loss allowances are provided in Note 16.

Fair value measurement and valuation process

In estimating the fair value of a financial asset or a liability, the Group uses market observable data to the extend it is available. Where such level 1 inputs are not available, the Group uses valuation models to determine the fair value of its financial instruments. Refer to Note 4.5 for more details on fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES

4.1 CAPITAL MANAGEMENT

The Group's regulator, Brunei Darussalam Central Bank ("BDCB") sets and monitors capital requirements for the Group.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group's overall strategy remains unchanged from the previous financial year.

The capital structure of the Group consists of equity of the Bank and its subsidiaries (comprising issued capital, reserves, and retained earnings).

The Group has complied with all imposed capital requirements for the financial years ended December 31, 2020 and 2021. Management monitors capital based on "capital funds" as defined under the Brunei Darussalam Banking Order, 2006.

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Capital				
Core Capital (Tier I Capital)	**471,193**	432,655	**571,373**	527,367
Supplementary Capital (Tier II Capital)	**11,422**	11,050	**18,015**	15,382
Less: Investment in Subsidiaries	**(47,949)**	(47,949)	**-**	-
Total Capital base	**434,666**	395,756	**589,388**	542,749
Risk-weighted amount				
Risk-weighted amount for Credit Risk	**1,708,157**	1,632,989	**2,352,358**	2,293,444
Risk-weighted amount for Operational Risk	**250,733**	267,148	**316,747**	322,211
Risk-weighted amount for Market Risk	**6,800**	3,264	**6,599**	3,194
Total Risk-weighted amount	**1,965,690**	1,903,401	**2,675,704**	2,618,849
Capital Ratios				
Core Capital (Tier I) Ratio, %	**23.97%**	22.73%	**21.35%**	20.14%
Total Capital Ratio, %	**22.11%**	20.79%	**22.03%**	20.72%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.2 CATEGORIES OF FINANCIAL INSTRUMENTS

	2021			2020		
Bank	Mandatory At Fair Value Through Profit or Loss B$'000	At Amortised Cost B$'000	Total Carrying Amount B$'000	Mandatory At Fair Value Through Profit or Loss B$'000	At Amortised Cost B$'000	Total Carrying Amount B$'000
Financial Assets						
Cash and balances with banks and other financial institutions	-	1,134,821	**1,134,821**	-	1,345,612	1,345,612
Derivative Assets	374	-	**374**	477	-	477
Government Sukuk	-	18,350	**18,350**	-	79,844	79,844
Investment Securities	140,601	814,930	**955,531**	54,640	522,783	577,423
Loans and Advances	-	1,253,961	**1,253,961**	-	1,215,968	1,215,968
Other Assets	-	1,853	**1,853**	-	7,791	7,791
Total Financial Assets	**140,975**	**3,223,915**	**3,364,890**	55,117	3,171,998	3,227,115
Financial Liabilities						
Deposits from Customers	-	2,507,945	**2,507,945**	4,142	2,414,862	2,419,004
Deposits from Banks and Other Financial Institutions	-	360,852	**360,852**	-	337,996	337,996
Derivative Liabilities	5	-	**5**	76	-	76
Borrowings	-	-	**-**	-	26,521	26,521
Lease Liabilities	-	1,512	**1,512**	-	2,445	2,445
Group Balances Payable	-	2,579	**2,579**	-	2,191	2,191
Other Liabilities	-	71,644	**71,644**	-	64,942	64,942
Total Financial Liabilities	**5**	**2,944,532**	**2,944,537**	4,218	2,848,957	2,853,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.2 CATEGORIES OF FINANCIAL INSTRUMENTS (cont'd)

Group	2021 Mandatory At Fair Value Through Profit or Loss B$'000	2021 At Amortised Cost B$'000	2021 Total Carrying Amount B$'000	2020 Mandatory At Fair Value Through Profit or Loss B$'000	2020 At Amortised Cost B$'000	2020 Total Carrying Amount B$'000
Financial Assets						
Cash and balances with Banks and other Financial Institutions	-	1,146,996	**1,146,996**	-	1,356,600	1,356,600
Balances with BDCB	-	66,250	**66,250**	-	62,252	62,252
Derivative Assets	374	-	**374**	477	-	477
Government Sukuk	-	18,350	**18,350**	-	79,844	79,844
Investment Securities	140,601	814,930	**955,531**	54,640	522,783	577,423
Loans and Advances	-	2,072,195	**2,072,195**	-	2,017,487	2,017,487
Other Assets	-	35,268	**35,268**	-	38,543	38,543
Total Financial Assets	**140,975**	**4,153,989**	**4,294,964**	55,117	4,077,509	4,132,626
Financial Liabilities						
Deposits from Customers	-	3,612,655	**3,612,655**	4,142	3,472,404	3,476,546
Deposits from Banks and other Financial Institutions	-	3,072	**3,072**	-	12,056	12,056
Derivative Liabilities	5	-	**5**	76	-	76
Borrowings	-	-	**-**	-	26,521	26,521
Lease Liabilities	-	2,717	**2,717**	-	4,015	4,015
Other Liabilities	-	83,728	**83,728**	-	73,014	73,014
Total Financial Liabilities	**5**	**3,702,172**	**3,702,177**	4,218	3,588,010	3,592,228

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.3 FINANCIAL INSTRUMENTS SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

Bank and Group	Gross amounts of Recognised Financial Assets/ Liabilities B$'000	Gross amounts of recognised Financial Liabilities / Assets set off in the Statements of Financial Position B$'000	Net amounts of Financial Assets presented in the Statements of Financial Position B$'000	Related Amounts not set off in the Statements of Financial Position: Financial Instruments B$'000	Cash Collateral received B$'000	Net amount B$'000
2021						
Type of Financial Asset						
Other Assets:						
Rental income receivable	2	-	2	-	2	-
	2	-	2	-	2	-
Type of Financial Liability						
Other Liabilities:						
Refundable deposits from Tenants	8	-	8	-	2	6
	8	-	8	-	2	6
2020						
Type of Financial Asset						
Other Assets:						
Rental income receivable	1	-	1	-	1	-
	1	-	1	-	1	-
Type of Financial Liability						
Other Liabilities:						
Refundable deposits from Tenants	11	-	11	-	1	10
	11	-	11	-	1	10

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4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES

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

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

Risk management framework

The Group's Board of Directors has appointed the Risk Management Committee ("RMC") to fulfil its oversight responsibilities of the Group's risk management framework. The Group's risk management framework seeks to ensure that strategies, policies, processes and procedures are in place to identify, assess, measure, manage and monitor its material financial, operational and other risk exposures.

A separate Group Audit Committee ("GAC") provides the Board of Directors independent assurance over the Group's governance, risk management and internal control practices.

The Board delegates to the Executive Committee ("EXCO") authority to approve limits related to credit and treasury activities, including policies to govern the management of credit, liquidity and market risks.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The GAC and RMC oversee senior management's compliance with the Group's risk management policies and procedures, as well as review the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's risk management framework adopts the principle of "Three Lines of Defence".

The first line of defence – business line management including support functions – is directly responsible for identifying and managing day-to-day risks inherent in its activities. The second line of defence is provided by the Group Risk Department which oversees the effectiveness and integrity of the Group's risk management framework and assists the RMC in its risk oversight responsibilities. The third line of defence involves the Internal Audit function to provide independent assurance to the GAC on the effectiveness and quality of governance, risk management and internal control processes.

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December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk

Credit risk is the risk of financial losses to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and investment debt securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposures (such as individual obligor default risk and sector risk).

The Board delegates responsibility to the RMC to oversee the management of credit risk, while the EXCO approves major prudential policies and limits that govern large customer exposures and industry concentration.

The EXCO appoints the Group's Credit Committee who would work with the business lines to ensure that approved policies are applied appropriately and optimal returns on the Group's risk exposure are being achieved.

The Group takes a prudent view when granting credits. All credit exposures in the group are individually assessed and approved within the internal credit and lending policies, and in compliance with the local regulatory guidelines. In respect of its lending-related activities, management regularly reviews the amount of risk accepted in relation to one borrower or groups of borrowers, the industry segments, the risks of non-performing loans and the adequacy of provisioning. The Group does not endorse providing credit facilities in support of illegal activities, prohibited or unlicensed businesses, or any other activities deemed to pose unacceptable environment, ethical, social or reputational risk to the Group and the wider community.

The Group recognises credit risk mitigation by obtaining collateral however such collateral does not act as a substitute in the credit granting process. Some of the assets typically included as collateral are properties, assignment of leases and rental income, assignment of contract payments, salaries and deposit placements.

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group uses external and internal information to generate a "base-case", "upside" and "downside" scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

The Group applies probabilities to the forecast scenarios identified. The Group performed a sensitivity analysis on how ECL on the main portfolios will change if the key assumption to the downside weight to the weighted ECL increased by 10%. The total weighted ECL should then be increased by B$ 323,000 (2020: B$ 397,000) based on the above assumption.

Measurement of ECL

The key inputs used for measurement of ECL are:

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure at default ("EAD")

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability weighted forward looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. For investment securities, the calculation is based on statistical models and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available and applicable), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact the PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from accepted collateral by the Group. The calculation is on a discounted cash flow basis where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date including repayments of principal and interest and expected drawdowns on committed facilities.

The Group measures ECL considering the risk of default over the maximum contractual period over which the entity is exposed to credit risk. The measurement of ECL is based on probabilities weighted average credit loss.

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December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include instruments type, collateral type and industry. The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

Credit Quality

The Group monitors credit risk per class of financial instrument. The table below outlines the classes identified, as well as the financial statement line item.

Class of Financial Instrument	Financial Statement line
Loans and Advances to customers at amortised cost	Loans and Advances
Government Sukuk at amortised cost	Government Sukuk
Investment Securities at amortised cost	Investment Securities
Loan commitments and financial guarantee contracts	Other Liabilities – Provisions

The Group classified their Loans and Advances by the following internal risk category as described below:

Loans and Advances Classification	Definition
Pass	Borrowers in this category are those that do not have greater than normal credit risk
Special Mention	Borrowers in this category are those that have an early sign of financial difficulty
Substandard Under-Performing	Borrowers in this category are those that have well defined weakness in profitability, cashflow and/or operations that may jeopardise repayment in full but are not more than 90 days past due
Substandard Non-Performing	Borrowers in this category are those that have well defined weakness in profitability, cashflow and/or operations that may jeopardise repayment in full but are more than 90 days past due
Doubtful	Borrowers in this category are those that exhibit more severe weakness than those classified under substandard and are more than 180 days past due but less than 1 year
Loss	Borrowers in this category are those with past due status exceeding the above categories

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December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

The table below sets out the credit quality of the Bank and the Group's loans and advances according to the above classification

Credit Quality Analysis

Loans and Advances

	December 31, 2021				
Bank	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Pass	1,187,635	-	-	-	1,187,635
Special Mention	-	75,382	-	-	75,382
Substandard-Under-Performing	-	1,416	-	-	1,416
Substandard-Non-Performing	-	-	14,259	1,442	15,701
Doubtful	-	-	4,622		4,622
Loss	-	-	16,803	2,237	19,040
Total gross carrying amount	1,187,635	76,798	35,684	3,679	1,303,796
Loss allowances	(11,422)	(17,516)	(19,545)	(1,352)	(49,835)
Net Carrying amount	1,176,213	59,282	16,139	2,327	1,253,961

	December 31, 2020				
Bank	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Pass	1,159,496	-	-	-	1,159,496
Special Mention	-	59,188	-	-	59,188
Substandard-Under-Performing	-	2,310	-	-	2,310
Substandard-Non-Performing	-	-	15,486	2,016	17,502
Doubtful	-	-	2,194	-	2,194
Loss	-	-	45,261	3,667	48,928
Total gross carrying amount	1,159,496	61,498	62,941	5,683	1,289,618
Loss allowances	(11,050)	(16,065)	(45,494)	(1,041)	(73,650)
Net Carrying amount	1,148,446	45,433	17,447	4,642	1,215,968

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Credit Quality Analysis (cont'd)

Loans and Advances (cont'd)

	December 31, 2021				
Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Pass	1,957,841	-	-	-	**1,957,841**
Special Mention	-	87,164	-	-	**87,164**
Substandard-Under-Performing	-	48,487	-	-	**48,487**
Substandard-Non-Performing	-	-	20,279	1,463	**21,742**
Doubtful	-	-	6,131	-	**6,131**
Loss	-	-	18,212	2,237	**20,449**
Total gross carrying amount	**1,957,841**	**135,651**	**44,622**	**3,700**	**2,141,814**
Loss allowances	**(18,015)**	**(26,917)**	**(23,329)**	**(1,358)**	**(69,619)**
Net Carrying amount	**1,939,826**	**108,734**	**21,293**	**2,342**	**2,072,195**

	December 31, 2020				
Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Pass	1,882,229	-	-	-	1,882,229
Special Mention	-	77,800	-	-	77,800
Substandard-Under-Performing	-	64,938	-	-	64,938
Substandard-Non-Performing	-	-	28,955	2,082	31,037
Doubtful	-	-	3,834	-	3,834
Loss	-	-	46,941	3,667	50,608
Total gross carrying amount	1,882,229	142,738	79,730	5,749	2,110,446
Loss allowances	(16,776)	(23,328)	(51,791)	(1,064)	(92,959)
Net Carrying amount	1,865,453	119,410	27,939	4,685	2,017,487

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit Quality Analysis (cont'd)

Credit risk (cont'd)

Loan Commitments

Bank and Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
	December 31, 2021				
Pass	682,458	-	-	-	**682,458**
Special Mention	-	2,109	-	-	**2,109**
Substandard-Under-Performing	-	56	-	-	**56**
Substandard-Non-Performing	-	-	430	76	**506**
Doubtful	-	-	-	-	**-**
Loss	-	-	25	3	**28**
Total amount committed	**682,458**	**2,165**	**455**	**79**	**685,157**
Loss allowances	**(917)**	**(34)**	**(6)**	**(2)**	**(959)**

Bank and Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
	December 31, 2020				
Pass	524,999	-	-	-	524,999
Special Mention	-	22,481	-	-	22,481
Substandard-Under-Performing	-	151	-	-	151
Substandard-Non-Performing	-	-	562	513	1,075
Doubtful	-	-	-	-	-
Loss	-	-	2	3	5
Total amount committed	524,999	22,632	564	516	548,711
Loss allowances	(425)	(465)	(5)	(9)	(904)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Credit Quality Analysis (cont'd)

Financial Guarantees

	December 31, 2021				
Bank and Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Pass	18,290	-	-	-	18,290
Special Mention	-	173	-	-	173
Substandard-Under-Performing	-	-	-	-	-
Substandard-Non-Performing	-	-	10	-	10
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total amount guaranteed	18,290	173	10	-	18,473
Loss allowances	(32)	(7)	(3)	-	(42)

	December 31, 2020				
Bank and Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Pass	15,736	-	-	-	15,736
Special Mention	-	5	-	-	5
Substandard-Under-Performing	-	-	-	-	-
Substandard-Non-Performing	-	-	64	-	64
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total amount guaranteed	15,736	5	64	-	15,805
Loss allowances	(34)	(1)	(29)	-	(64)

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4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Concentration of credit risk

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk from loans and advances and other commitments is shown below.

	Loans and Advances		Contingencies and Other Commitments		Total	
	2021	2020	2021	2020	2021	2020
Bank	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000
Agriculture	7,712	7,426	4,123	4,270	11,835	11,696
Constructions and Property Financing	518,815	472,720	110,635	44,423	629,450	517,143
Financial	62	-	65,997	75,269	66,059	75,269
Infrastructure	2,480	5,665	22,597	66,793	25,077	72,458
Manufacturing	102,033	79,983	168,849	96,866	270,882	176,849
Personal and Consumption Loans	166,347	175,245	5,902	26,311	172,249	201,556
Services	232,818	289,809	364,877	275,393	597,695	565,202
Telecommunication and Information Technology	27,111	2,444	96,141	122,520	123,252	124,964
Tourism	21,219	18,439	6,641	15,003	27,860	33,442
Traders	153,853	145,983	207,909	193,691	361,762	339,674
Transportation	71,346	91,904	162,208	157,789	233,554	249,693
Total	1,303,796	1,289,618	1,215,879	1,078,328	2,519,675	2,367,946

	Loans and Advances		Contingencies and Other Commitments		Total	
	2021	2020	2021	2020	2021	2020
Group	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000
Agriculture	7,712	7,426	4,123	4,270	11,835	11,696
Constructions and Property Financing	518,815	472,720	110,635	44,423	629,450	517,143
Financial	62	-	65,997	75,269	66,059	75,269
Infrastructure	2,480	5,665	22,597	66,793	25,077	72,458
Manufacturing	102,033	79,983	168,849	96,866	270,882	176,849
Personal and Consumption Loans	166,347	175,245	5,902	26,311	172,249	201,556
Services	232,818	289,809	364,877	275,393	597,695	565,202
Telecommunication and Information Technology	27,111	2,444	96,141	122,520	123,252	124,964
Tourism	21,219	18,439	6,641	15,003	27,860	33,442
Traders	153,853	145,983	207,909	193,691	361,762	339,674
Transportation	909,364	912,732	162,208	157,789	1,071,572	1,070,521
Total	2,141,814	2,110,446	1,215,879	1,078,328	3,357,693	3,188,774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Non-performing loans and advances

The Bank and the Group regards a loan and advance as non-performing if it is in arrears for more than 3 months or if there is objective evidence of impairment.

Bank	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Agriculture	11,835	11,696	-	-
Constructions and Property Financing	629,450	517,143	13,926	23,460
Financial	66,059	75,269	-	-
Infrastructure	25,077	72,458	-	-
Manufacturing	270,882	176,849	155	927
Personal and Consumption Loans	172,249	201,556	4,996	7,710
Services	597,695	565,202	1,271	4,841
Telecommunication and Information Technology	123,252	124,964	659	246
Tourism	27,860	33,442	5,414	-
Traders	361,762	339,674	12,942	30,952
Transportation	233,554	249,693	-	488
Total	2,519,675	2,367,946	39,363	68,624

	Total Credit Exposure		Non-Performing Loans	
Group	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Agriculture	11,835	11,696	-	-
Constructions and Property Financing	629,450	517,143	13,926	23,460
Financial	66,059	75,269	-	-
Infrastructure	25,077	72,458	-	-
Manufacturing	270,882	176,849	155	927
Personal and Consumption Loans	172,249	201,556	4,996	7,710
Services	597,695	565,202	1,271	4,841
Telecommunication and Information Technology	123,252	124,964	659	246
Tourism	27,860	33,442	5,414	-
Traders	361,762	339,674	12,942	30,952
Transportation	1,071,572	1,070,521	8,959	17,343
Total	3,357,693	3,188,774	48,322	85,479

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Loans and advances

Bank	December 31, 2021 Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Non past due (0-30 days)	1,187,635	74,451	10,447	1,439	1,273,972
Month-in-arrear 1 (30-60 days)	-	2,041	1,076	-	3,117
Month-in-arrear 2 (60-90 days)	-	306	104	3	413
Month-in-arrear 3 and above (90 days and above)	-	-	24,057	2,237	26,294
Total gross carrying amount	**1,187,635**	**76,798**	**35,684**	**3,679**	**1,303,796**
Loss allowances	**(11,422)**	**(17,516)**	**(19,545)**	**(1,352)**	**(49,835)**
Net carrying amount	**1,176,213**	**59,282**	**16,139**	**2,327**	**1,253,961**

Bank	December 31, 2020 Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Non past due (0-30 days)	1,159,496	59,142	12,521	1,888	1,233,047
Month-in-arrear 1 (30-60 days)	-	1,298	1,187	109	2,594
Month-in-arrear 2 (60-90 days)	-	1,058	657	19	1,734
Month-in-arrear 3 and above (90 days and above)	-	-	48,576	3,667	52,243
Total gross carrying amount	1,159,496	61,498	62,941	5,683	1,289,618
Loss allowances	(11,050)	(16,065)	(45,494)	(1,041)	(73,650)
Net carrying amount	1,148,446	45,433	17,447	4,642	1,215,968

Group	December 31, 2021 Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Non past due (0-30 days)	1,957,841	84,671	12,974	1,447	2,056,933
Month-in-arrear 1 (30-60 days)	-	45,305	2,420	13	47,738
Month- in-arrear 2 (60-90 days)	-	5,675	1,082	3	6,760
Month-in-arrear 3 and above (90 days and above)	-	-	28,146	2,237	30,383
Total gross carrying amount	1,957,841	135,651	44,622	3,700	2,141,814
Loss allowances	(18,015)	(26,917)	(23,329)	(1,358)	(69,619)
Net carrying amount	1,939,826	108,734	21,293	2,342	2,072,195

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Loans and advances (cont'd)

	December 31, 2020				
Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Non past due (0-30 days)	1,882,229	75,825	16,205	1,941	1,976,200
Month-in-arrear 1 (30-60 days)	-	58,784	4,244	120	63,148
Month-in-arrear 2 (60-90 days)	-	8,129	2,262	21	10,412
Month-in-arrear 3 and above (90 days and above)	-	-	57,019	3,667	60,686
Total gross carrying amount	1,882,229	142,738	79,730	5,749	2,110,446
Loss allowances	(16,776)	(23,328)	(51,791)	(1,064)	(92,959)
Net carrying amount	1,865,453	119,410	27,939	4,685	2,017,487

This table summarises the loss allowances as of the year end by class of exposure/asset.

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Loans and Advances	**48,834**	72,682	**68,618**	91,991
Loan Commitments	**959**	904	**959**	904
Financial Guarantee Contracts	**42**	64	**42**	64
Total	**49,835**	73,650	**69,619**	92,959

This table summarises the movements in loss allowances that are recognised in profit or loss during the year by class of exposure/asset.

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Loans and Advances	**8,034**	9,883	**16,532**	21,906
Loan Commitments	**55**	(535)	**55**	(535)
Financial Guarantee Contracts	**31**	(102)	**31**	(102)
Total	**8,120**	9,246	**16,618**	21,269

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

The table below sets out a reconciliation of changes in the carrying amount of loans and advances

Credit risk (cont'd)

Loans and Advances

Bank	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000	POCI B$'000	Total B$'000
Gross carrying amount as at January 1, 2021	**1,159,496**	**61,498**	**62,941**	**5,683**	**1,289,618**
Changes in the Gross carrying amount					
- Transfer to stage 1	3,342	(2,342)	(1,000)	-	**-**
- Transfer to stage 2	(14,592)	19,235	(4,643)	-	**-**
- Transfer to stage 3	(5,282)	(1,320)	6,602	-	**-**
- (Decrease)/Increase during the year	(95,569)	(5,361)	353	(831)	**(101,408)**
- Change due to modifications that did not result in derecognition	(139)	(5,041)	4,502	(29)	**(707)**
New financial assets originated or purchased	405,139	13,990	54	(1)	**419,182**
Financial assets that have been derecognised	(264,742)	(3,841)	(2,139)	(285)	**(271,007)**
Write-offs	(18)	(20)	(30,986)	(858)	**(31,882)**
Gross carrying amount as at December 31, 2021	**1,187,635**	**76,798**	**35,684**	**3,679**	**1,303,796**
Loss allowances as at December 31, 2021	**(10,473)**	**(17,475)**	**(19,536)**	**(1,350)**	**(48,834)**

Bank	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000	POCI B$'000	Total B$'000
Gross carrying amount as at January 1, 2020	1,172,480	22,974	78,816	6,130	1,280,400
Changes in the Gross carrying amount					
- Transfer to stage 1	5,557	(3,301)	(2,256)	-	-
- Transfer to stage 2	(38,621)	39,681	(1,060)	-	-
- Transfer to stage 3	(4,522)	(3,122)	7,644	-	-
- Decrease during the year	(94,107)	(6,061)	(60)	(340)	(100,568)
- Change due to modifications that did not result in derecognition	(3,019)	(2,498)	6,171	372	1,026
New financial assets originated or purchased	369,320	18,801	224	-	388,345
Financial assets that have been derecognised	(247,592)	(4,964)	(4,319)	(325)	(257,200)
Write-offs	-	(12)	(22,219)	(154)	(22,385)
Gross carrying amount as at December 31, 2020	1,159,496	61,498	62,941	5,683	1,289,618
Loss allowances as at December 31, 2020	(10,591)	(15,599)	(45,460)	(1,032)	(72,682)

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December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Loans and Advances (cont'd)

Group	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000	POCI B$'000	Total B$'000
Gross carrying amount as at January 1, 2021	**1,882,229**	**142,738**	**79,730**	**5,749**	**2,110,446**
Changes in the Gross carrying amount					
- Transfer to stage 1	46,744	(42,026)	(4,718)	-	**-**
- Transfer to stage 2	(42,557)	51,459	(8,902)	-	**-**
- Transfer to stage 3	(8,172)	(5,488)	13,660	-	**-**
- Decrease during the year	(235,991)	(17,755)	(1,698)	(840)	**(256,284)**
- Change due to modifications that did not result in derecognition	(139)	(5,041)	4,502	(29)	**(707)**
- New financial assets originated or purchased	642,273	25,800	1,303	(1)	**669,375**
Financial assets that have been derecognised	(322,239)	(9,458)	(2,820)	(286)	**(334,803)**
Write-offs	(4,307)	(4,579)	(36,435)	(893)	**(46,213)**
Gross carrying amount as at December 31, 2021	**1,957,841**	**135,651**	**44,622**	**3,700**	**2,141,814**
Loss allowances as at December 31, 2021	**(17,066)**	**(26,876)**	**(23,320)**	**(1,356)**	**(68,618)**

Group	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000	POCI B$'000	Total B$'000
Gross carrying amount as at January 1, 2020	1,866,132	123,039	87,554	6,323	2,083,048
Changes in the Gross carrying amount					
- Transfer to stage 1	42,600	(39,983)	(2,617)	-	-
- Transfer to stage 2	(82,520)	84,097	(1,577)	-	-
- Transfer to stage 3	(11,494)	(13,556)	25,050	-	-
- Decrease during the year	(228,419)	(23,751)	(3,490)	(369)	(256,029)
- Change due to modifications that did not result in derecognition	(3,019)	(2,498)	6,171	372	1,026
- New financial assets originated or purchased	611,677	35,217	2,150	-	649,044
Financial assets that have been derecognised	(309,945)	(13,602)	(4,808)	(355)	(328,710)
Write-offs	(2,783)	(6,225)	(28,703)	(222)	(37,933)
Gross carrying amount as at December 31, 2020	1,882,229	142,738	79,730	5,749	2,110,446
Loss allowances as at December 31, 2020	(14,922)	(24,257)	(51,757)	(1,055)	(91,991)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

The table below sets out a reconciliation of changes in the carrying amount of loans and advances

Loan commitments

Bank and Group	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000	POCI B$'000	Total B$'000
Total amount committed as at January 1, 2021	**524,999**	**22,632**	**564**	**516**	**548,711**
Changes in amount committed					
- Transfer to stage 1	79	(79)	-	-	-
- Transfer to stage 2	(98)	98	-	-	-
- Transfer to stage 3	-	(8)	8	-	-
- Increase/(Decrease) during the year	17,367	(916)	99	(28)	16,522
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	310,413	1,231	-	-	311,644
Loan commitments that have been derecognised	(170,302)	(20,793)	(216)	(409)	(191,720)
Total amount committed as at December 31, 2021	**682,458**	**2,165**	**455**	**79**	**685,157**
Loss allowances as at December 31, 2021	**(917)**	**(34)**	**(6)**	**(2)**	**(959)**

Bank and Group	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000	POCI B$'000	Total B$'000
Total amount committed as at January 1, 2020	481,806	233	-	-	482,039
Changes in amount committed					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	(568)	568	-	-	-
- Transfer to stage 3	(27)	-	27	-	-
- (Decrease)/Increase during the year	(6,470)	1,085	343	171	(4,871)
- Change due to modifications that did not result in derecognition	-	-	194	345	539
New loan commitments originated or purchased	255,323	20,959	-	-	276,282
Loan commitments that have been derecognised	(205,065)	(213)	-	-	(205,278)
Total amount committed as at December 31, 2020	524,999	22,632	564	516	548,711
Loss allowances as at December 31, 2020	(425)	(465)	(5)	(9)	(904)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

The table below sets out a reconciliation of changes in the carrying amount of financial guarantees

Financial guarantees

Bank and Group	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000	POCI B$'000	Total B$í000
Total amount guaranteed as at January 1, 2021	**15,736**	**5**	**64**	**-**	**15,805**
Changes in amount guaranteed					
- Transfer to stage 1	-	-	-	-	**-**
- Transfer to stage 2	(20)	20	-	-	**-**
- Transfer to stage 3	-	-	-	-	**-**
- Decrease during the year	(10)	-	-	-	**(10)**
- Change due to modifications that did not result in derecognition	-	-	-	-	**-**
New financial guarantees originated or purchased	6,605	154	-	-	**6,759**
Financial guarantees that have been derecognised	(4,021)	(6)	(1)	-	**(4,028)**
Write-offs	-	-	(53)	-	**(53)**
Total amount guaranteed as at December 31, 2021	**18,290**	**173**	**10**	**-**	**18,473**
Loss allowances as at December 31, 2021	**(32)**	**(7)**	**(3)**	**-**	**(42)**

Bank and Group	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000	POCI B$'000	Total B$í000
Total amount guaranteed as at January 1, 2020	19,300	-	-	-	19,300
Changes in amount guaranteed					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	(10)	-	10	-	-
- Decrease during the year	(398)	-	-	-	(398)
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	6,070	5	54	-	6,129
Financial guarantees that have been derecognised	(9,226)	-	-	-	(9,226)
Total amount guaranteed as at December 31, 2020	15,736	5	64	-	15,805
Loss allowances as at December 31, 2020	(34)	(1)	(29)	-	(64)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

The table below sets out a reconciliation of changes in the carrying amount of loans and advances

Loss allowances – Loans and Advances

Bank	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at January 1, 2021	**10,591**	**15,599**	**45,460**	**1,032**	72,682
Write-offs	(18)	(20)	(30,986)	(858)	**(31,882)**
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	480	(215)	(265)	-	**-**
- Transfer to stage 2	(295)	1,263	(968)	-	**-**
- Transfer to stage 3	(46)	(180)	226	-	**-**
- Increase/(Decrease) due to change in credit risk	(694)	3,567	5,167	1,090	**9,130**
- Changes due to modifications that did not result in derecognition	-	(1,701)	1,540	86	**(75)**
New financial assets originated or purchased	3,512	453	25	-	**3,990**
Financial assets that have been derecognised	(3,057)	(1,291)	(663)	-	**(5,011)**
Loss allowances as at December 31, 2021	**10,473**	**17,475**	**19,536**	**1,350**	**48,834**

Bank	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at January 1, 2020	21,471	8,822	54,230	661	85,184
Write-offs	-	(13)	(22,219)	(153)	(22,385)
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	3,498	(2,294)	(1,204)	-	-
- Transfer to stage 2	(635)	875	(240)	-	-
- Transfer to stage 3	(76)	(859)	935	-	-
- Increase/(Decrease) due to change in credit risk	(10,621)	6,870	13,052	714	10,015
- Changes due to modifications that did not result in derecognition	(60)	(565)	2,597	91	2,063
New financial assets originated or purchased	3,779	5,190	106	-	9,075
Financial assets that have been derecognised	(6,765)	(2,427)	(1,797)	(281)	(11,270)
Loss allowances as at December 31, 2020	10,591	15,599	45,460	1,032	72,682

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Loss allowances – Loans and Advances (cont'd)

Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at January 1, 2021	14,922	24,257	51,757	1,055	91,991
Write-offs	(89)	(19)	(38,905)	(892)	(39,905)
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	5,953	(4,365)	(1,588)	-	-
- Transfer to stage 2	(573)	3,057	(2,484)	-	-
- Transfer to stage 3	(73)	(676)	749	-	-
- Increase/(Decrease) due to change in credit risk	(5,010)	5,686	12,566	1,107	14,349
- Changes due to modifications that did not result in derecognition	-	(1,702)	1,540	86	(76)
New financial assets originated or purchased	5,314	2,390	572	-	8,276
Financial assets that have been derecognised	(3,378)	(1,752)	(887)	-	(6,017)
Loss allowances as at December 31, 2021	**17,066**	**26,876**	**23,320**	**1,356**	**68,618**

Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at January 1, 2020	23,824	18,277	59,483	722	102,306
Write-offs	(10)	(5,808)	(26,227)	(176)	(32,221)
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	7,262	(5,834)	(1,428)	-	-
- Transfer to stage 2	(784)	1,279	(495)	-	-
- Transfer to stage 3	(100)	(1,839)	1,939	-	-
- Increase/(Decrease) due to change in credit risk	(13,304)	14,914	17,158	711	19,479
- Changes due to modifications that did not result in derecognition	(60)	(565)	2,597	91	2,063
New financial assets originated or purchased	5,071	6,914	834	-	12,819
Financial assets that have been derecognised	(6,977)	(3,081)	(2,104)	(293)	(12,455)
Loss allowances as at December 31, 2020	14,922	24,257	51,757	1,055	91,991

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4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

The table below sets out a reconciliation of changes in the carrying amount of loans and advances

Loss allowances – Loan commitments

Bank and Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at January 1, 2021	425	465	5	9	904
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	16	(26)	1	(1)	(10)
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	687	16	-	-	703
Loan commitments that have been derecognised	(211)	(421)	-	(6)	(638)
Loss allowances as at December 31, 2021	917	34	6	2	959

Bank and Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at January 1, 2020	1,427	12	-	-	1,439
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	(1)	1	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase during the year	(272)	24	5	5	(238)
- Changes due to modifications that did not result in derecognition	-	-	-	4	4
New loan commitments originated or purchased	260	440	-	-	700
Loan commitments that have been derecognised	(989)	(12)	-	-	(1,001)
Loss allowances as at December 31, 2020	425	465	5	9	904

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4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

The table below sets out a reconciliation of changes in the loss allowances of financial guarantees.

Credit risk (cont'd)

Loss allowances – Financial guarantees

Bank and Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at January 1, 2021	34	1	29	-	64
Write-offs	-	-	(53)	-	(53)
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in the Loss allowances					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	(5)	5	27	-	27
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	12	2	-	-	14
Financial guarantees that have been derecognised	(9)	(1)	-	-	(10)
Loss allowances as at December 31, 2021	32	7	3	-	42

Bank and Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at January 1, 2020	166	-	-	-	166
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in the Loss allowances					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	(66)	-	2	-	(64)
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	13	1	27	-	41
Financial guarantees that have been derecognised	(79)	-	-	-	(79)
Loss allowances as at December 31, 2020	34	1	29	-	64

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December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Loans with renegotiated terms and the Bank's forbearance practice

When there is deterioration in the borrower's financial position, loans may be restructured with renegotiated terms where the Group has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Group has provided initially. The Group implements forbearance practice in order to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance practice, loan forbearance is granted on an elective basis in situations where the debtor is currently in default on its debt, or where there is a high risk of default.

The revised terms usually include extending maturity, changing timing of interest payments and amendments to the terms of loan covenants.

Both retail and corporate loans are subject to the forbearance practice.

	2021 B$'000	2020 B$'000	2020 B$'000	2020 B$'000
Renegotiated loans and advances	10,395	9,972	12,973	15,082

Write-off policy

The Group writes off a loans and advances balance, and any related allowances for impairment losses, when the Group's management determines that the loan or security is uncollectible, and all necessary actions have been taken. This determination is made after considering information such as the borrower's / issuer's latest financial position and chances of its ability to settle the obligation, the legal status, and /or proceeds from other collateral is minimum and will not be sufficient to pay back the entire exposure.

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4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Collateral held as security and other credit enhancements, and their financial effect. The Group holds collateral and other credit enhancements against certain types of credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

Type of Credit Exposure	Principal Type of Collateral Held for Secured Lending	Loans and Advances B$'000	Financial Effect of Collateral Held B$'000	Net Exposure from Loans and Advances B$'000	Loans and Advances B$'000	Financial Effect of Collateral Held B$'000	Net Exposure from Loans and Advances B$'000
2021							
Agriculture	Mortgage / Cash	7,712	7,482	230	7,712	7,482	230
Construction and Property Financing	Mortgage / Property	518,815	474,007	44,808	518,815	474,007	44,808
Financing	Cash	62	32	30	62	32	30
Infrastructure	Cash / Debenture	2,480	2,083	397	2,480	2,083	397
Manufacturing	Debenture / Cash	102,033	43,542	58,491	102,033	43,542	58,491
Personal and Consumption Loans	Mortgage / Cash	166,347	32,940	133,407	166,347	32,940	133,407
Services	Cash / Debenture	232,818	72,742	160,076	232,818	72,742	160,076
Telecommunication and Information Technology	Cash / Debenture	27,111	2,427	24,684	27,111	2,427	24,684
Tourism	Cash / Property	21,219	14,832	6,387	21,219	14,832	6,387
Traders	Cash / Property	153,853	93,416	60,437	153,853	93,416	60,437
Transportation	Debenture / Cash	71,346	16,705	54,641	909,364	767,353	142,011
Total		1,303,796	760,208	543,588	2,141,814	1,510,856	630,958

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4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Collateral held as security and other credit enhancements, and their financial effect (cont'd)

Type of Credit Exposure	Principal Type of Collateral Held for Secured Lending	Loans and Advances B$'000	Financial Effect of Collateral Held B$'000	Net Exposure from Loans and Advances B$'000	Loans and Advances B$'000	Financial Effect of Collateral Held B$'000	Net Exposur from Loans and Advances B$'000
2020							
Agriculture	Cash / Mortgage	7,426	7,426	-	7,426	7,426	-
Construction and Property Financing	Mortgage / Property	472,720	443,057	29,663	472,720	443,057	29,663
Infrastructure	Cash	5,665	4,156	1,509	5,665	4,156	1,509
Manufacturing	Cash / Debenture	79,983	26,797	53,186	79,983	26,797	53,186
Personal and Consumption Loans	Mortgage / Cash	175,245	21,781	153,464	175,245	21,781	153,464
Services	Cash / Mortgage	289,809	111,508	178,301	289,809	111,508	178,301
Telecommunication and Information Technology	Cash / Property	2,444	1,875	569	2,444	1,875	569
Tourism	Cash / Debentures	18,439	12,058	6,381	18,439	12,058	6,381
Traders	Cash / Property	145,983	87,543	58,440	145,983	87,543	58,440
Transportation	Cash / Debentures	91,904	15,593	76,311	912,732	757,781	154,951
Total		1,289,618	731,794	557,824	2,110,446	1,473,982	636,464

Cash and balances with banks and other financial institutions and Balances with BDCB

The Group held cash and balances with banks and other financial institutions of B$1,146,996 (2020: B$1,356,600) and balances with BDCB of B$66,250,000 as at December 31, 2021 (2020: B$62,252,000). These banks, financial institutions and BDCB have high credit ratings assigned by international credit-rating agencies and are considered to have low credit risk. The balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Investment securities

The carrying amount of the Bank's and the Group's financial assets at FVTPL and amortised cost as disclosed in Note 4.2 under categories of financial instruments best represents their respective maximum exposure to credit risk. The Bank and the Group hold no collateral over any of these balances.

The Bank and the Group held investment securities of B$955,531,000 as at December 31, 2021 (2020: B$577,423,000). The majority of the investment securities are held with counterparties with credit ratings of at least an investment grade.

The Bank and the Group consider that investments with credit ratings of at least an investment grade have low credit risk based on the external credit ratings of these counterparties. The amount of the estimated credit losses on these investment securities is negligible. For the investment securities held with counterparties with credit ratings of non-investment grade, impairment on these balances has been measured on the 12-month expected loss basis based on the Bank's and the Group's internal grading assessment. Management assessed that the amount of estimated credit losses on these balances is insignificant.

Government Sukuk

Government sukuks held by the Group disclosed in Note 14 are issued by BDCB and are generally above the rating of A-. The Bank and the Group consider that its investments have low credit risk based on the external credit ratings of the counterparty (Sovereign.) The management assessed that no amount of estimated credit losses on government sukuk is required.

Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Management of liquidity risk

The Group's RMC sets the Group's strategy for managing liquidity risk and has the responsibility for the oversight of the implementation of this policy. The Group has also established an Asset and Liability Committee ("ALCO") to manage the Bank's overall balance sheet including monitoring its liquidity position. Treasury manages the Group's liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of the Group. A summary report, including any exceptions and remedial action taken, is submitted regularly to the ALCO.

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

The key elements of the Group's liquidity strategy are as follows:

- Maintaining a diversified funding base consisting of customer deposits (both retail and corporate) and wholesale market deposits and maintaining contingency facilities with other banks;

- Carrying a portfolio of highly liquid assets, diversified by currency and maturity; and

- Monitoring liquidity ratios, maturity mismatches, and behavioural characteristics of the Group's financial assets and liabilities.

Treasury receives information from other business units and reports from the system regarding the liquidity profile of financial assets and liabilities and details of other projected cash flows arising from projected future businesses. Treasury maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, money market placements with banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group. The liquidity requirements of business units are centrally managed by the Treasury department to cover any short-term fluctuations and longer-term funding requirements.

Treasury monitors compliance with local regulatory limits on a daily basis.

The current market uncertainty as a result of the COVID-19 outbreak has minimal impact on the Group's liquidity risk, as the current operating cash flows are currently assessed as sufficient.

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of liquid assets to deposits from customers and short-term liabilities. For this purpose, liquid assets are considered as including cash and cash equivalents, bank placements and debt securities for which there is an active and liquid market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Liquidity risk (cont'd)

A similar, but not identical, calculation is used to measure the Bank's compliance with the Assets Management Ratio ("AMR") under the Deposit Protection Order, 2010.

Maturity analysis for financial assets and liabilities

The tables below set out the remaining contractual maturities of the Bank and the Group's financial assets and financial liabilities.

Bank	Carrying Amount B$'000	Gross Nominal Inflow/ (Outflow) B$'000	Less than 3 months B$'000	3-6 months B$'000	6-12 months B$'000	1-3 years B$'000	3-5 years B$'000	Over 5 years B$'000
2021								
Non-Derivative Assets								
Cash	29,931	29,931	29,931	-	-	-	-	-
Balances with Banks and other financial institutions	1,104,890	1,110,357	714,933	67,442	171,918	81,264	74,800	-
Government Sukuk	18,350	18,350	18,350	-	-	-	-	-
Investment Securities	955,531	981,581	434,975	136,267	2,013	167,388	172,344	68,594
Loans and Advances	1,253,961	1,457,119	237,790	107,285	114,525	495,200	195,428	306,891
Other On Balance Sheet Assets	1,853	1,853	-	-	1,530	323	-	-
Total	3,364,516	3,599,191	1,435,979	310,994	289,986	744,175	442,572	375,485
Non-Derivative Liabilities								
Deposits	2,868,797	2,873,421	921,474	447,074	648,676	841,471	14,726	-
Borrowings	-	-	-	-	-	-	-	-
Lease Liabilities	1,512	1,512	291	257	429	497	38	-
Group Balances Payable	2,579	2,579	2,579	-	-	-	-	-
Other On Balance Sheet t Liabilities	71,644	71,644	15,064	1	-	56,579	-	-
Other Off Balance Sheet Liabilities	141,874	141,874	112,456	14,090	14,201	1,127	-	-
Undrawn Credit Lines	858,910	858,910	-	-	858,910	-	-	-
Total	3,945,316	3,949,940	1,051,864	461,422	1,522,216	899,674	14,778	-
Net cash Inflow/(Outflow)	(580,800)	(350,749)	384,115	(150,428)	(1,232.230)	(155,499)	427,808	375,485
Derivative Financial Instruments								
- Inflow	-	35,625	14,494	16,742	3,669	720	-	-
- Outflow	-	(35,214)	(14,337)	(16,529)	(3,634)	(714)	-	-
Total	-	411	157	213	35	6	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Liquidity risk (cont'd)

Group	Carrying Amount B$'000	Gross Nominal Inflow/ (Outflow) B$'000	Less than 3 months B$'000	3-6 months B$'000	6-12 months B$'000	1-3 years B$'000	3-5 years B$'000	Over 5 years B$'000
2021								
Non-Derivative Assets								
Cash	31,405	31,405	31,405	-	-	-	-	-
Balances with Banks, other financial institutions and BDCB	1,181,841	1,187,308	791,884	67,442	171,918	81,264	74,800	-
Government Sukuk	18,350	18,350	18,350	-	-	-	-	-
Investment Securities	955,531	981,581	434,975	136,267	2,013	167,388	172,344	68,594
Loans and Advances	2,072,195	2,432,562	300,504	168,181	231,148	899,035	452,307	381,387
Other On Balance Sheet Assets	35,268	35,268	33,415	-	1,530	323	-	-
Total	4,294,590	4,686,474	1,610,533	371,890	406,609	1,148,010	699,451	449,981
Non-Derivative Liabilities								
Deposits	3,615,727	3,624,014	930,493	503,343	755,423	1,420,029	14,726	-
Lease Liabilities	2,717	2,717	431	399	708	1,127	52	-
Other On Balance Sheet Liabilities	83,728	83,728	27,148	1	-	56,579	-	-
Other Off Balance Sheet Liabilities	141,874	141,874	112,456	14,090	14,201	1,127	-	-
Undrawn Credit Lines	858,910	858,910	-	-	858,910	-	-	-
Total	4,702,956	4,711,243	1,070,528	517,833	1,629,242	1,478,862	14,778	-
Net cash Inflow/(Outflow)	(408,366)	(24,769)	540,005	(145,943)	(1,222,633)	(330,852)	684,673	449,981
Derivative Financial Instruments								
- Inflow	-	35,625	14,494	16,742	3,669	720	-	-
- Outflow	-	(35,214)	(14,337)	(16,529)	(3,634)	(714)	-	-
Total	-	411	157	213	35	6	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Liquidity risk (cont'd)

Bank	Carrying Amount B$'000	Gross Nominal Inflow/ (Outflow) B$'000	Less than 3 months B$'000	3-6 months B$'000	6-12 months B$'000	1-3 years B$'000	3-5 years B$'000	Over 5 years B$'000
2020								
Non-Derivative Assets								
Cash	41,238	41,238	41,238	-	-	-	-	-
Balances with Banks and other financial institutions	1,304,374	1,308,074	950,751	104,568	159,047	93,708	-	-
Government Sukuk	79,844	79,900	46,820	13,080	20,000	-	-	-
Investment Securities	577,423	593,515	361,184	79,452	21,157	31,270	94,350	6,102
Loans and Advances	1,215,968	1,371,385	185,655	98,749	104,522	486,006	193,852	302,601
Other On Balance Sheet Assets	7,791	7,791	-	-	7,386	405	-	-
Total	3,226,638	3,401,903	1,585,648	295,849	312,112	611,389	288,202	308,703
Non-Derivative Liabilities								
Deposits	2,757,000	2,762,992	889,419	443,866	604,969	824,738	-	-
Borrowings	26,521	26,521	26,521	-	-	-	-	-
Lease Liabilities	2,445	2,445	284	287	553	1,099	222	-
Group Balances Payable	2,191	2,191	2,191	-	-	-	-	-
Other On Balance Sheet Liabilities	64,942	64,942	6,201	53	-	58,688	-	-
Other Off Balance Sheet Liabilities	85,697	85,697	50,941	22,211	10,341	2,204	-	-
Undrawn Credit Lines	856,729	856,729	-	-	856,729	-	-	-
Total	3,795,525	3,801,517	975,557	466,417	1,472,592	886,729	222	-
Net cash Inflow/(Outflow)	(568,887)	(399,614)	610,091	(170,568)	(1,160,480)	(275,340)	287,980	308,703
Derivative Financial Instruments								
- Inflow	-	41,820	23,660	16,768	1,392	-	-	-
- Outflow	-	(41,406)	(23,364)	(16,660)	(1,382)	-	-	-
Total	-	414	296	108	10	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Liquidity risk (cont'd)

Group	Carrying Amount B$'000	Gross Nominal Inflow/ (Outflow) B$'000	Less than 3 months B$'000	3-6 months B$'000	6-12 months B$'000	1-3 years B$'000	3-5 years B$'000	Over 5 years B$'000
2020								
Non-Derivative Assets								
Cash	43,505	43,505	43,505	-	-	-	-	-
Balances with Banks, other financial institutions and BDCB	1,375,347	1,379,047	1,021,724	104,568	159,047	93,708	-	-
Government Sukuk	79,844	79,900	46,820	13,080	20,000	-	-	-
Investment Securities	577,423	593,515	361,184	79,452	21,157	31,270	94,350	6,102
Loans and Advances	2,017,487	2,328,939	247,929	159,155	219,253	881,406	441,463	379,733
Other On Balance Sheet Assets	37,889	37,889	30,098	-	7,386	405	-	-
Total	4,131,495	4,462,795	1,751,260	356,255	426,843	1,006,789	535,813	385,835
Non-Derivative Liabilities								
Deposits	3,488,602	3,551,594	926,659	496,916	766,171	1,361,848	-	-
Borrowings	26,521	26,521	26,521	-	-	-	-	-
Lease Liabilities	4,015	4,015	412	417	817	2,133	236	-
Other On Balance Sheet Liabilities	73,014	73,014	14,274	53	-	58,687	-	-
Other Off Balance Sheet Liabilities	85,697	85,697	50,941	22,211	10,341	2,204	-	-
Undrawn Credit Lines	856,729	856,729	-	-	856,729	-	-	-
Total	4,534,578	4,597,570	1,018,807	519,597	1,634,058	1,424,872	236	-
Net cash Inflow/(Outflow)	(403,083)	(134,775)	732,453	(163,342)	(1,207,215)	(418,083)	535,577	-
Derivative Financial Instruments								
- Inflow	-	41,820	23,660	16,768	1,392	-	-	-
- Outflow	-	(41,406)	(23,364)	(16,660)	(1,382)	-	-	-
Total	-	414	296	108	10	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Liquidity risk (cont'd)

The above tables show the undiscounted cash flows on the Bank's and the Group's non-derivative financial assets and liabilities, including issued financial guarantee contracts, and unrecognised loan commitments on the basis of their earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The gross nominal inflows / (outflows) disclosed in the previous table represent the contractual undiscounted cash flows relating to derivative financial liabilities and assets held for risk management purposes. The disclosure shows a net amount for derivatives that are net settled, but a gross inflow and outflow amount for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts).

As part of the management of its liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, and debt securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with banks and holds unencumbered assets eligible for use as collateral.

Market risk

Market risk is the risk which will affect the value of the Group's holding of financial instruments due to changes in market prices, such as interest rates, equity prices and foreign exchange rates. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters in order to ensure the Group's solvency while optimising the return on risk.

Management of market risk

Overall authority for market risk is vested in the EXCO. The EXCO may set up limits for each type of risk in aggregate and for portfolios while management is responsible for the day-to-day review of their implementation.
The EXCO has appointed the ALCO to monitor and control market risk exposures.

Exposure to interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps by the management assisted by the Treasury Department in its day-to-day monitoring activities. A summary of the Group's interest rate bearing assets and liabilities position on the non-trading positions based on the earlier of repricing or maturity dates is as follows:

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4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Market risk (cont'd)

Bank	Carrying Amount	Non-Interest Bearing	Interest Bearing: Less than 3 months	Interest Bearing: 3-6 months	Interest Bearing: 6-12 months	Interest Bearing: 1-3 years	Interest Bearing: 3-5 years	Interest Bearing: Over 5 years
	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000
2021								
Financial Assets								
Cash	**29,931**	29,931	-	-	-	-	-	-
Balances with Banks and other financial institutions	**1,104,890**	215,502	604,623	44,926	138,077	31,286	70,476	-
Derivative Assets	**374**	374	-	-	-	-	-	-
Government Sukuk	**18,350**	-	18,350	-	-	-	-	-
Investment Securities	**955,531**	-	434,174	135,309	-	153,501	169,094	63,453
Loans and Advances	**1,253,961**	-	243,664	89,565	84,675	437,590	168,185	230,282
Other Assets	**1,853**	1,853	-	-	-	-	-	-
Total	**3,364,890**	**247,660**	**1,300,811**	**269,800**	**222,752**	**622,377**	**407,755**	**293,735**
Financial Liabilities								
Deposits	**2,868,797**	1,175,319	644,913	346,015	348,124	340,347	14,079	-
Derivative Liabilities	**5**	5	-	-	-	-	-	-
Lease Liabilities	**1,512**	-	291	257	429	497	38	-
Group Balances Payable	**2,579**	2,579	-	-	-	-	-	-
Other Liabilities	**71,644**	71,644	-	-	-	-	-	-
Total	**2,944,537**	**1,249,547**	**645,204**	**346,272**	**348,553**	**340,844**	**14,117**	**-**
2020								
Financial Assets								
Cash	41,238	41,238	-	-	-	-	-	-
Balances with Banks and other financial institutions	1,304,374	189,021	859,893	86,293	125,095	44,072	-	-
Derivative Assets	477	477	-	-	-	-	-	-
Government Sukuk	79,844	-	46,802	13,065	19,977	-	-	-
Investment Securities	577,423	-	359,832	78,583	20,000	20,215	93,498	5,295
Loans and Advances	1,215,968	-	166,357	80,685	77,948	456,667	162,943	271,368
Other Assets	7,791	7,791	-	-	-	-	-	-
Total	3,227,115	238,527	1,432,884	258,626	243,020	520,954	256,441	276,663
Financial Liabilities								
Deposits	2,757,000	960,421	657,868	361,413	360,406	416,892	-	-
Derivative Liabilities	76	76	-	-	-	-	-	-
Borrowings	26,521	-	26,521	-	-	-	-	-
Lease Liabilities	2,445	-	284	287	553	1,099	222	-
Group Balances Payable	2,191	2,191	-	-	-	-	-	-
Other Liabilities	64,942	64,942	-	-	-	-	-	-
Total	2,853,175	1,027,630	684,673	361,700	360,959	417,991	222	-

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4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Market risk (cont'd)

			Interest Bearing					
Group	Carrying Amount	Non-Interest Bearing	Less than 3 months	3-6 months	6-12 months	1-3 years	3-5 years	Over 5 years
	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000
2021								
Financial Assets								
Cash	31,405	31,405	-	-	-	-	-	-
Balances with Banks, other financial institutions and BDCB	1,181,841	292,453	604,623	44,926	138,077	31,286	70,476	-
Derivative Assets	374	374	-	-	-	-	-	-
Government Sukuk	18,350	-	18,350	-	-	-	-	-
Investment Securities	955,531	-	434,174	135,309	-	153,501	169,094	63,453
Loans and Advances	2,072,195	-	296,049	130,562	190,144	783,601	378,170	293,669
Other Assets	35,268	35,268	-	-	-	-	-	-
Total	4,294,964	359,500	1,353,196	310,797	328,221	968,388	617,740	357,122
Financial Liabilities								
Deposits	3,615,727	1,129,860	699,230	401,859	453,884	916,815	14,079	-
Derivative Liabilities	5	5	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Lease Liabilities	2,717	-	431	399	708	1,127	52	-
Other Liabilities	83,729	83,729	-	-	-	-	-	-
Total	3,702,178	1,213,594	699,661	402,258	454,592	917,942	14,131	-
2020								
Financial Assets								
Cash	43,505	43,505	-	-	-	-	-	-
Balances with Banks, other financial institutions and BDCB	1,375,347	259,994	859,893	86,293	125,095	44,072	-	-
Derivative Assets	477	477	-	-	-	-	-	-
Government Sukuk	79,844	-	46,802	13,065	19,977	-	-	-
Investment Securities	577,423	-	359,832	78,583	20,000	20,215	93,498	5,295
Loans and Advances	2,017,487	-	222,502	117,906	180,912	793,058	365,768	337,341
Other Assets	38,543	38.543	-	-	-	-	-	-
Total	4,132,626	342,519	1,489,029	295,847	345,984	857,345	459,266	342,636
Financial Liabilities								
Deposits	3,488,602	918,034	685,918	413,775	520,771	950,104	-	-
Derivative Liabilities	76	76	-	-	-	-	-	-
Borrowings	26,521	-	26,521	-	-	-	-	-
Lease Liabilities	4,015	-	412	417	817	2,133	236	-
Other Liabilities	73,014	73,014	-	-	-	-	-	-
Total	3,592,228	991,124	712,851	414,192	521,588	952,237	236	-

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December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Market risk (cont'd)

The management of interest rate risk is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various interest rate scenarios. Scenarios that are considered on a monthly basis include a 10-basis point ("bp") parallel fall or rise in all yield curves.

Interest rate movements affect reported retained earnings due to increases or decreases in net interest income and the fair value changes reported in profit or loss.

If interest rates had been 10 basis points higher or lower and all other variables were held constant, the Bank's and the Group's projected net interest income for the financial year ended December 31, 2021 would increase/(decrease) by:

	+0.10% B$'000	-0.10% B$'000	+0.10% B$'000	-0.10% B$'000
As at December 31, 2021	**324**	**(324)**	**631**	**(631)**
As at December 31, 2020	232	(232)	363	(363)

Overall non-trading interest rate risk positions are managed by the Treasury and Finance Department which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the overall position arising from the Group's activities.

Foreign exchange risk

Foreign exchange risk is the risk to earnings and value of financial instruments caused by fluctuations in foreign exchange rates.

Currency risks primarily arise from the fluctuation in the exchange rates on the open position of the Bank for all currencies other than its functional currency. The main dealing currencies of the Group are BND against major currencies, including USD, GBP, AUD and SGD. The Group is not exposed to foreign exchange risk for SGD due to the Currency Interchangeability Agreement between Singapore and Brunei Darussalam which interchanges the two currencies at par. The Group has limited foreign exchange transactions and does not hold speculative trading positions. The Group manages the foreign exchange risk by monitoring the exposure against limits set by the ALCO.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Foreign exchange risk (cont'd)

Bank	USD B$'000	GBP B$'000	AUD B$'000	Others B$'000
2021				
Financial Assets				
Cash	3,838	2,616	1,096	23,646
Balances with Banks and other financial institutions	33,546	11,672	17,681	6,138
Derivative Assets	215	-	3	156
Investment Securities	305	-	17,520	-
Loans and Advances	164,201	-	-	(102)
Others	55	-	-	-
Total	**202,160**	**14,288**	**36,300**	**29,838**
Financial Liabilities				
Deposits	180,941	14,381	36,788	20,518
Derivative Liabilities	2	-	1	2
Others	813	-	(3)	(11)
Total	**181,756**	**14,381**	**36,786**	**20,509**
Off Balance Sheet Derivative Financial Instruments	**(25,622)**	**(2)**	**(310)**	**(9,279)**
2020				
Financial Assets				
Cash	12,816	1,609	4,518	17,457
Balances with Banks and other financial institutions	-	16,093	23,659	8,848
Derivative Assets	473	-	-	4
Investment Securities	299	-	9,974	-
Loans and Advances	181,073	-	-	-
Total	**194,661**	**17,702**	**38,151**	**26,309**
Financial Liabilities				
Deposits	135,667	17,399	38,048	18,362
Derivative Liabilities	-	-	1	74
Borrowings	26,521	-	-	-
Others	1,407	-	(3)	(13)
Total	**163,595**	**17,399**	**38,046**	**18,423**
Off Balance Sheet Derivative Financial Instruments	**(34,325)**	**-**	**(97)**	**(6,985)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Foreign exchange risk (cont'd)

Group	USD B$'000	GBP B$'000	AUD B$'000	Others B$'000
2021				
Financial Assets				
Cash	3,838	2,616	1,096	23,646
Balances with Banks, other financial institutions and BCDB	33,546	11,672	17,681	6,138
Derivative Assets	215	-	3	156
Investment Securities	305	-	17,520	0
Loans and Advances	164,201	-	-	(102)
Others	1,178		70	102
Total	**203,283**	**14,288**	**36,370**	**29,940**
Financial Liabilities				
Deposits	181,868	14,381	36,854	20,597
Derivative Liabilities	2	-	1	2
Others	812	-	(3)	(11)
Total	**182,682**	**14,381**	**36,852**	**20,588**
Off Balance Sheet Derivative Financial Instruments	(25,622)	(2)	(310)	(9,279)
2020				
Financial Assets				
Cash	12,816	1,609	4,518	17,457
Balances with Banks, other financial institutions and BCDB	-	16,093	23,659	8,848
Derivative Assets	473	-	-	4
Investment Securities	299	-	9,974	-
Loans and Advances	181,073	-	-	-
Total	**194,661**	**17,702**	**38,151**	**26,309**
Financial Liabilities				
Deposits	135,667	17,399	38,048	18,362
Derivative Liabilities	-	-	1	74
Borrowings	26,521	-	-	-
Others	1,407	-	(3)	(13)
Total	**163,595**	**17,399**	**38,046**	**18,423**
Off Balance Sheet Derivative Financial Instruments	(34,325)	-	(97)	(6,985)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Foreign exchange risk (cont'd)

The estimated impact on the Bank's and the Group's profit or loss for a 10% change in the foreign exchange rates (USD, GBP, AUD and others) against BND is shown below:

Bank	USD +/- 10% B$'000	GBP +/- 10% B$'000	AUD +/- 10% B$'000	Others +/- 10% B$'000
As at December 31, 2021	**(522)**	**(10)**	**(80)**	**5**
As at December 31, 2020	(326)	30	1	90

Group	USD +/- 10% B$'000	GBP +/- 10% B$'000	AUD +/- 10% B$'000	Others +/- 10% B$'000
As at December 31, 2021	**(502)**	**(10)**	**(78)**	**8**
As at December 31, 2020	(326)	30	1	90

Operational risk

Operational risk is the risk to achieving the Group's strategic objectives as a result of inadequate or failed internal processes, people and systems, or from external events. Operational risk is inherent in every aspect of our business. The Group's objective is to manage its operational risk at appropriate levels, considering the markets we operate in, capital and liquidity adequacy, as well as economic conditions and the regulatory environment.
The Board is ultimately responsible for all aspects of operational risk management. The Board delegates these responsibilities to the RMC to oversee the management of operational risk.

The Group's operational risk management framework sets out to identify, assess, control, mitigate, report and monitor operational risk.

Senior management is responsible overall for implementing the operational risk management framework, its associated policies and procedures, to anticipate and mitigate operational risk for the Group.

The Three Lines of Defence approach is applied to operational risk management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Operational risk (cont'd)

The first line of defence – business line management including support functions – is directly responsible for identifying and managing day-to-day operational risk. The second line of defence is provided by the Group Risk Department where it coordinates, facilitates and oversees the effectiveness and integrity of the Group's operational risk management framework. The third line of defence involves the Internal Audit function to provide independent assurance to the Board and senior management on the effectiveness and quality of governance, risk management and internal control processes.

The Group employs the Basic Indicator Approach to compute operational risk capital.

4.5 FAIR VALUE MEASUREMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Bank and Group	Fair Value as at 2021 B$'000	Fair Value as at 2020 B$'000	Level of the Fair Value Hierarchy	Valuation Technique(s) & Key input(s)
Assets				
Investment Securities:				
– Structured Deposits	**140,296**	54,340	2	Reuters Quote
– Equity	**305**	300	3	Net Asset Value
Derivative Assets	**374**	477	2	Reuters Quote
Total	**140,975**	55,117		
Liabilities				
Deposits from Customers – Structured Deposits	**-**	4,142	2	Reuters Quote or Adjusted Quoted Prices
Derivative liabilities	**5**	76	2	Reuters Quote
Total	**5**	4,218		

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December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Operational risk (cont'd)

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

	Bank and Group	
	2021 B$'000	2020 B$'000
Investment Securities		
Opening balance as at January 1	300	305
Total Gains or Losses included in Statements of Profit or Loss for the year:		
Revaluation during the year	5	(5)
Balance as at December 31	305	300

Financial assets and financial liabilities not measured at fair value on the statements of financial position

Fair value of financial instruments

Where possible, fair values have been estimated using market prices for financial instruments. Where market prices are not available, fair values have been estimated using quoted prices for financial instruments with similar characteristics, or otherwise using a suitable valuation technique where practicable to do so. The fair value information presented represents the Group's best estimate of those values and may be subject to certain assumptions and limitations.

Methodologies

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

Financial instruments for which carrying value approximates fair value

These include cash and balances with BDCB, deposits from customers, deposits from banks and other financial institutions, loans and advances and intercompany balances which reprice generally within six months of the reporting date, and accrued interest receivable and payable. The carrying value of these financial instruments is an approximation of the fair value because they are either short-term in nature, reprice frequently or are receivable or payable on demand and do not have significant credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.5 FAIR VALUE MEASUREMENTS (cont'd)

Loans and Advances

For loans and advances which mature or reprice after six months, the fair value is principally 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 market rate. For non-performing loans and advances where collateral exists, the fair value is the lesser of the carrying value of the loans and advances, net of specific allowances, or the fair value of the collateral, discounted as appropriate.

Deposits by customers

Deposits by customers which mature or reprice after six months from the reporting date are grouped by residual maturity. The fair value 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.

Derivative financial instruments

The fair values of derivative financial instruments such as foreign exchange contracts are based on quoted market prices at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

4.5 FAIR VALUE MEASUREMENTS (cont'd)

Summary

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their respective fair values. Accordingly, the Bank and the Group have not disclosed the fair value and their levels in the fair value hierarchy for financial assets and liabilities carried at amortised cost.

	Bank and Group			
	2021		2020	
	Carrying Amount B$'000	Fair Value B$'000	Carrying Amount B$'000	Fair Value B$'000
Financial Assets				
Investments at amortised cost				
- Government Sukuk	18,350	18,350	79,844	79,844
- Investment Securities	814,930	815,728	522,783	526,397
Total	833,280	834,078	602,627	606,241

	Fair Value Hierarchy			
	Level 1 B$'000	Level 2 B$'000	Level 3 B$'000	Total B$'000
2021				
Financial Assets				
Investments at amortised cost				
- Government Sukuk	-	18,350	-	18,350
- Investment Securities	815,728	-	-	815,728
Total	815,728	18,350	-	834,078
2020				
Financial Assets				
Investments at amortised cost				
- Government Sukuk	-	79,844	-	79,844
- Investment Securities	526,397	-	-	526,397
Total	526,397	79,844	-	606,241

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

5 NET INTEREST INCOME

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Interest Income				
Loans and Advances	**64,459**	65,068	**119,603**	120,300
Placements with other Banks	**4,832**	11,903	**4,832**	11,903
Investment Securities	**6,390**	2,399	**6,390**	2,399
Others	**1,113**	1,597	**1,113**	1,496
Government Sukuk	**98**	715	**98**	715
Total Interest Income	**76,892**	81,682	**132,036**	136,813
Interest Expense				
Deposits and Borrowings	**8,191**	12,261	**9,891**	15,184
Net Interest Income	**68,701**	69,421	**122,145**	121,629

Total interest income and expense calculated using the effective interest method are reported above. The effective interest relating to financial assets or liabilities carried at fair value through profit or loss for the Bank and the Group included above is an interest income of B$310,596 (2020: B$137,802) and an interest expense of B$56,626 (2020: B$58,850) respectively.

6 OTHER OPERATING INCOME

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Dividend income from a Subsidiary	**20,000**	20,869	**-**	-
Fees, Charges and Others	**17,830**	16,874	**19,973**	20,699
Realised and Unrealised gains from Foreign Exchange Transactions	**9,049**	7,944	**9,048**	7,944
Management fee from a Subsidiary	**1,800**	1,800	**-**	-
Gain on Disposal of Investment	**2,463**	-	**2,463**	-
Gain on Disposal of Property, Plant and Equipment	**108**	130	**107**	156
Total	**51,250**	47,617	**31,591**	28,799

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

7 NET (LOSS)/ INCOME FROM OTHER FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Bank and Group	
	2021 B$'000	2020 B$'000
Investment Securities at Fair Value Through Profit or Loss:		
- Investment Securities	(171)	301
Deposits at Fair Value Through Profit or Loss:		
- Deposits	-	(48)
Total	(171)	253

8 PERSONNEL EXPENSES

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Salaries and Wages	21,705	20,609	25,932	24,795
Allowances and Bonuses	5,737	6,619	7,020	7,864
Directors' fees	3,925	3,448	4,131	3,646
Others	2,597	3,005	3,238	3,543
Total	33,964	33,681	40,321	39,848

9 OTHER OVERHEAD EXPENSES

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Promotion				
Advertising and Publicity	2,074	2,785	2,411	3,490
Operational				
Depreciation of Property, Plant and Equipment	6,167	5,885	6,443	6,190
Repair and Maintenance	2,774	3,175	3,672	4,268
Depreciation of Right-of-Use Assets	698	1,018	1,281	1,528
Expenses relating to Short-Term Leases	210	571	274	695
Expenses relating to Leases of Low Value Assets	256	274	258	274
Interest Expense on Lease Liabilities	86	145	165	241
Hire of Equipment	-	-	-	2
General Expenses				
Others	16,772	14,076	23,928	21,152
Professional Fees including Auditor's Fees	803	1,933	868	2,148
Loss on Disposal of Property, Plant and Equipment	1	56	1	56
Dealer Commission and Incentives	-	-	9,653	9,489
Total	29,841	29,918	48,954	49,533

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

10 INCOME TAX EXPENSE

The income tax varied from the amount of income tax determined by applying the Brunei Darussalam income tax rate of 18.5% (2020: 18.5%) with the applicable threshold to profit before income tax as a result of the following items:

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Recognised in the Statements of Profit or Loss				
Current Tax Expense				
Current year	9,161	5,588	14,926	10,708
Movements in Provision for Taxation				
Opening balance as at January 1	15,584	16,449	39,221	40,085
Current year provision	9,161	5,588	14,926	10,708
Income tax paid	(4,802)	(6,453)	(10,119)	(11,572)
Closing balance as at December 31	19,943	15,584	44,028	39,221
Reconciliation of Effective Tax Rate at 18.50%				
Profit before income tax	67,699	62,432	78,798	69,576
Income tax using the domestic corporation tax rate	12,524	11,550	18,302	12,872
Tax effect of non-taxable revenue and others	(3,363)	(5,962)	(3,376)	(2,164)
Total	9,161	5,588	14,926	10,708

11 CASH AND BALANCES WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Placements with remaining maturity not exceeding one year	621,931	956,626	621,931	956,626
Placements with remaining maturity more than one year	101,762	44,072	101,762	44,072
Balances with Banks and other Financial Institutions	215,502	189,021	226,203	197,742
Money at call and short notice and Interbank	165,695	114,655	165,695	114,655
Cash in hand	29,931	41,238	31,405	43,505
Total	1,134,821	1,345,612	1,146,996	1,356,600

12 BALANCES WITH BDCB

This is maintained as required by the provisions of Section 45 of the Brunei Darussalam Banking Order, 2006 and a directive issued by BDCB in accordance with Section 25(2) of the Finance Companies Act, Chapter 89. This is not available for use in the Bank's and its subsidiaries' day-to-day operations. At present, the minimum cash reserve requirement is 6% (2020: 6%) of the total average deposit liabilities and is maintained under the RTGS (Real-Time Gross Settlement) account with BDCB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

13 DERIVATIVE FINANCIAL INSTRUMENTS

	Bank and Group		
	Notional B$'000	Assets B$'000	Liabilities B$'000
2021			
Foreign Exchange Contracts	35,625	374	5
2020			
Foreign Exchange Contracts	41,820	477	76

14 GOVERNMENT SUKUK

	Bank and Group			
	2021		2020	
	B$'000	Maturity date	B$'000	Maturity date (ranging from)
Government Sukuk measured at amortised cost	18,350	22/01/22	79,844	01/01/21 – 02/12/21

15 INVESTMENT SECURITIES

	Bank and Group			
	2021		2020	
	B$'000	Maturity date (ranging from)	B$'000	Maturity date (ranging from)
Investment Securities measured at amortised cost	814,930	07/01/22 – 15/09/31	522,783	04/01/21 – 22/01/30
Investment Securities mandatorily measured at FVTPL	140,601	16/09/23 – 10/03/26	54,640	19/04/21 – 16/09/23
Total	955,531		577,423	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

16 LOANS AND ADVANCES

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
By Type:				
Term Loans				
- Other Term Loans	**765,850**	727,071	**765,850**	727,071
- Property Loans	**291,565**	291,131	**291,565**	291,131
- Hire Purchase Receivables	**-**	-	**838,018**	820,828
Cash line / Overdrafts	**135,353**	153,267	**135,353**	153,267
Credit / Charge Cards	**33,415**	35,864	**33,415**	35,864
Revolving Credit	**20,550**	18,294	**20,550**	18,294
Staff Loans	**3,910**	3,728	**3,910**	3,728
Others	**614**	819	**614**	819
Syndicated Loan	**52,539**	59,444	**52,539**	59,444
Gross Loans and Advances	**1,303,796**	1,289,618	**2,141,814**	2,110,446
Less: Loss allowances	**(49,835)**	(73,650)	**(69,619)**	(92,959)
Net Loans and Advances	**1,253,961**	1,215,968	**2,072,195**	2,017,487

From April 1, 2020 to December 31, 2021, the Bank and the Group offered principal payment holidays to its affected customers in eligible business sectors outlined in the BDCB Notice no: BU/N-1/2020/65 and BU/N-1/2020/65 – Amendment No. 2 Temporary Regulatory Measures, but only certain customers have taken up the extension which amounted to a carrying amount of B$3,955,000 and B$5,163,000 (2020: B$29,174,000 and B$33,489,000) at year-end, respectively. The Bank and the Group consider all of them to be classified as Stage 1 (i.e. a loss allowance measured at equal to 12-month ECL), except for loans and advances amounting to B$1,735,000 and B$1,878,000 (2020: B$4,262,000 and B$4,807,000), respectively, which have been classified as Stage 2 and for which loss allowance is measured at equal to lifetime ECL. The Bank continues to monitor the loans and advances closely to determine if they are credit impaired.

17 GROUP BALANCES PAYABLE

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Due to Subsidiaries	**2,579**	2,191	**-**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

18 INVESTMENTS IN SUBSIDIARIES

Name of Company	Principal Activity	Country of Incorporation	Cost 2021 B$'000	Cost 2020 B$'000	% Holding 2021	% Holding 2020
Baiduri Finance Berhad	Finance Company	Brunei Darussalam	**45,249**	45,249	**100%**	100%
Baiduri Capital Sdn Bhd	Sharebrokers & Dealers in Securities & Investments of all kinds	Brunei Darussalam	**2,700**	2,700	**99.99%**	99.99%
Total			**47,949**	47,949		

19 OTHER ASSETS

	Bank 2021 B$'000	Bank 2020 B$'000	Group 2021 B$'000	Group 2020 B$'000
Sundry Debtors and Others	**1,487**	7,472	**2,994**	8,158
Prepayments and Consumables	**1,762**	1,584	**1,841**	1,648
Accounts Receivable	**366**	319	**2,009**	1,121
Dealer Commission and Incentives	**-**	-	**30,265**	29,264
Total	**3,615**	9,375	**37,109**	40,191

Reclassifications between Accounts Receivable above and Accrued Expenditure and Other Payables classified under Other Liabilities (Note 26) above amounting to a net B$654,000 for the Group were made to prior year comparatives to enhance comparability in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

20 RIGHT-OF-USE ASSETS

The Bank and the Group lease a number of branch and office premises. The leases typically run for a period of 1 to 10 years, with an option to renew the lease after that date.

	Bank	Group
	B$'000	B$'000
Cost		
As at January 1, 2020	4,095	6,493
Additions	642	747
Expiration/Termination of lease	(347)	(347)
Modification of lease	(10)	(10)
As at December 31, 2020	4,380	6,883
Additions	**445**	**630**
Expiration/Termination of lease	**(638)**	**(638)**
Modification of lease	**(14)**	**(14)**
As at December 31, 2021	**4,173**	**6,861**
Accumulated Depreciation		
As at January 1, 2020	1,036	1,533
Depreciation	1,101	1,611
Expiration/Termination of lease	(72)	(72)
Modification of lease	(11)	(11)
As at January 1, 2021	2,054	3,061
Depreciation	**1,222**	**1,805**
Expiration/Termination of lease	**(354)**	**(354)**
Modification of lease	**(170)**	**(170)**
As at December 31, 2021	**2,752**	**4,342**
Carrying Amounts		
As at December 31, 2021	**1,421**	**2,519**
As at December 31, 2020	2,326	3,822

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

21 PROPERTY, PLANT AND EQUIPMENT

Bank	Freehold Land and Buildings B$'000	Leasehold Land and Buildings B$'000	Leasehold Improvements B$'000	Computers B$'000	Equipment / Furniture B$'000	Motor Vehicles B$'000	Total B$'000
Cost							
As at January 1, 2020	4,963	3,3013	4,321	19,657	1,412	491	**63,857**
Additions	-	7,066	374	4,090	2,454	669	**14,653**
Disposals	(1,261)	-	(1,617)	(2,431)	(331)	(258)	**(5,898)**
As at December 31, 2020	3,702	40,079	3,078	21,316	3,535	902	**72,612**
Additions	-	1,686	121	2,687	514	153	**5,161**
Disposals	(91)	-	(391)	(3,432)	(186)	(136)	**(4,236)**
As at December 31, 2021	3,611	41,765	2,808	20,571	3,863	919	**73,537**
Accumulated Depreciation							
As at January 1, 2020	621	2,174	2,735	6,798	596	333	**13,257**
Depreciation	81	767	627	3,848	430	132	**5,885**
Disposals	(155)	-	(1,617)	(2,427)	(317)	(212)	**(4,728)**
As at December 31, 2020	547	2,941	1,745	8,219	709	253	**14,414**
Depreciation	59	836	591	3,797	713	171	**6,167**
Disposals	-	-	(391)	(2,699)	(185)	(137)	**(3,412)**
As at December 31, 2021	606	3,777	1,945	9,317	1,237	287	**17,169**
Carrying Amounts							
As at December 31, 2021	**3,005**	**37,988**	**863**	**11,254**	**2,626**	**632**	**56,368**
As at December 31, 2020	3,155	37,138	1,333	13,097	2,826	649	58,198

Included in the Leasehold Land and Buildings is a building on a 99 years leasehold land commencing from November 2015.

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December 31, 2021

21 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold Land and Buildings B$'000	Leasehold Land and Buildings B$'000	Leasehold Improvements B$'000	Computers B$'000	Equipment / Furniture B$'000	Motor Vehicles B$'000	Total B$'000
Cost							
As at January 1, 2020	4,963	33,013	5,346	21,253	2,118	589	67,282
Additions	-	7,066	416	4,612	2,468	745	15,307
Disposals	(1,261)	-	(2,466)	(3,256)	(916)	(318)	(8,217)
As at December 31, 2020	3,702	40,079	3,296	22,609	3,670	1,016	74,372
Additions	-	1,687	121	2,786	533	153	5,280
Disposals	(91)	-	(419)	(3,519)	(205)	(175)	(4,409)
As at December 31, 2021	3,611	41,766	2,998	21,876	3,998	994	75,243
Accumulated Depreciation							
As at January 1, 2020	620	2,174	3,651	7,706	1,224	410	15,785
Depreciation	81	767	686	4,039	462	155	6,190
Disposals	(155)	-	(2,466)	(3,253)	(901)	(268)	(7,043)
As at December 31, 2020	546	2,941	1,871	8,492	785	297	14,932
Depreciation	60	836	630	3,991	739	187	6,443
Disposals	-	-	(419)	(2,785)	(205)	(175)	(3,584)
As at December 31, 2021	606	3,777	2,082	9,698	1,319	309	17,791
Carrying Amounts							
As at December 31, 2021	**3,005**	**37,989**	**916**	**12,178**	**2,679**	**685**	**57,452**
As at December 31, 2020	3,156	37,138	1,425	14,117	2,885	719	59,440

Included in the Leasehold Land and Buildings is a building on a 99 years leasehold land commencing from November 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22 DEPOSITS FROM CUSTOMERS

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
By Type of Deposit				
Demand Deposits	**1,117,631**	897,659	**1,126,788**	905,978
Fixed Deposits	**831,562**	828,991	**877,695**	915,864
Savings Deposits	**558,752**	692,354	**1,608,172**	1,654,704
Total	**2,507,945**	2,419,004	**3,612,655**	3,476,546

23 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Licensed Financial Institutions in Brunei Darussalam	**357,919**	326,126	**139**	186
Banks and Financial Institutions Abroad	**2,933**	11,870	**2,933**	11,870
Total	**360,852**	337,996	**3,072**	12,056

24 BORROWINGS

	Bank and Group	
	2021 B$'000	2020 B$'000
By Product		
Call money Borrowing	-	26,521
By Maturity		
Due within one year	-	26,521

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

25 LEASE LIABILITIES

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Amounts due for settlement within 12 months	977	1,124	1,538	1,646
Amounts due for settlement after 12 months	535	1,321	1,179	2,369
Total	1,512	2,445	2,717	4,015
Maturity Analysis:				
Not later than 1 year	977	1,124	1,538	1,646
Later than 1 year and not later than 5 years	535	1,321	1,179	2,369
Later than 5 years	-	-	-	-
Total	1,512	2,445	2,717	4,015

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's finance function.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position is 5.5%.

26 OTHER LIABILITIES

Accrued Expenditure and Provisions	26,038	29,150	28,832	31,582
Others	35,906	25,990	40,443	28,088
Provision for Bonuses and End of Service Benefits	16,900	16,304	19,334	18,566
Other Payables	2,071	2,810	6,824	7,005
Total	80,915	74,254	95,433	85,241

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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27 DEFERRED TAXATION

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Balances as at December 31	**7,446**	7,446	**7,493**	7,493

Deferred tax liabilities comprise the estimated expense at current income tax rates on the following items:

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Others	**2,341**	6,800	**2,525**	6,872
Property, Plant and Equipment	**7,218**	2,690	**7,499**	2,830
Loss allowances on Loans and Advances	**(2,113)**	(2,044)	**(2,531)**	(2,209)
Balance as at December 31	**7,446**	7,446	**7,493**	7,493

28 SHARE CAPITAL

	Bank and Group	
	2021 B$'000	2020 B$'000
Authorised		
200,000,000 Ordinary shares of B$1 each	**200,000**	200,000
Issued and Paid Up		
180,000,000 Ordinary shares of B$1 each	**180,000**	180,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time. At any General Meeting, every member present in person shall on a show of hands have one vote. All ordinary shares rank equally with regard to the Bank's and the Group's residual assets.

29 STATUTORY RESERVE

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Balances as at January 1	**144,022**	129,811	**183,639**	166,051
Add: Transfer during the year	**14,634**	14,211	**18,301**	17,588
Balances as at December 31	**158,656**	144,022	**201,940**	183,639

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30 OTHER SERVICES

	Note	Bank		Group	
		2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Retained Earnings					
Balances as at January 1		122,479	98,596	177,574	155,044
Profit for the financial year		58,538	56,844	64,006	58,868
Less: Transfer during the year					
- Statutory Reserve		(14,634)	(14,211)	(18,301)	(17,588)
- Prudential Reserve for Credit Losses		321	(1,490)	181	(1,186)
Prudential Reserve for Credit Losses *		(321)	1,490	(181)	1,186
Dividend paid		(19,000)	(18,750)	(19,000)	(18,750)
Balances as at December 31		147,383	122,479	204,279	177,574
General Reserve					
Opening and closing balance		5,154	5,154	5,154	5,154
Total Other Reserves		152,537	127,633	209,433	182,728

* The Prudential Reserve for Credit Losses is a non-distributable reserve account that is used to reflect an amount equal to the outstanding accrued interest/profit income on non-performing financial assets via a transfer from retained earnings as mandated by BDCB Notice no: BU/N-7/2018/57 Prudential Treatment of Problem Assets and Accounting for Expected Credit Losses.

31 CONTINGENCIES AND COMMITMENTS

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

	Bank and Group	
	2021 B$'000	2020 B$'000
Contingencies		
Guarantees, Bonds	179,120	134,697
Letters of Credit	140,527	41,296
Acceptances	1,347	2,996
Shipping Guarantees	763	1,205
Sub-Total	321,757	180,194
Commitments		
Unutilised Commitments and Undrawn Credit lines	858,910	856,729
Derivative Financial Instruments		
Forward Purchase	35,212	41,405
Total Contingencies and Commitments	1,215,879	1,078,328

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

32 CASH AND CASH EQUIVALENTS

	Bank		Group	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
Balances and placements with banks and other financial institutions with contractual maturity of less than 3 months	**667,699**	1,048,913	**678,400**	782,401
Cash in hand	**29,931**	41,238	**31,405**	43,505
Total	**697,630**	1,090,151	**709,805**	825,906

Changes in liabilities arising from financing activities

The table below details changes in the Bank's and the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Bank's and the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank		Group	
	Lease liabilities B$'000	Borrowings B$'000	Lease liabilities B$'000	Borrowings B$'000
As at January 1, 2020	3,139	-	5,089	-
Non-cash changes				
Interest Expense on Lease Liabilities	145	-	241	-
New Leases, Termination and Modification of Leases -net	285	-	390	-
Financing cash flows				
Repayment of Lease Liabilities	(1,124)	-	(1,705)	-
Drawdown of Borrowings	-	26,521	-	26,521
As at December 31, 2020	2,445	26,521	4,015	26,521
Non-cash changes				
Interest Expense on Lease Liabilities	**86**	-	**165**	-
New Leases, Termination and Modification of Leases - net	**(207)**	-	**(22)**	-
Financing cash flows				
Repayment of Lease Liabilities	**(812)**	-	**(1,441)**	-
Repayment of Borrowings	-	**(26,521)**	-	**(26,521)**
As at December 31, 2021	**1,512**	-	**2,717**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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33 RELATED PARTIES' TRANSACTIONS

The Bank and the Group consider members of the Board of Directors and the members of the Bank's management committee as key management personnel of the Bank and the Group.

Some of the Bank's and the Group's transactions and arrangements are with related parties and subsidiaries and the effect of these on the basis determined between the parties are reflected in these consolidated financial statements.

(i) Transactions with key management personnel for the Bank and the Group:

	Bank and Group	
	2021 B$'000	2020 B$'000
STATEMENTS OF FINANCIAL POSITION		
Assets		
Loans and Advances (excluding Credit Cards)	**1,172**	508
Credit Cards	**146**	141
Total	**1,318**	649
Liabilities		
Deposits	**7,434**	6,488
Off Balance Sheet items		
Undrawn Facilities	**577**	541
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Income		
Interest Income	**49**	39
Expenses		
Other Expenses	**3,919**	3,790
Interest Expenses	**67**	84
Total	**3,986**	3,874

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33 RELATED PARTIES' TRANSACTIONS (cont'd)

(ii) The Bank's and the Group's related parties shall include parent, subsidiaries and other related companies.

	Bank and Group			
	Subsidiaries		Other Related Companies	
	2021 B$'000	2020 B$'000	2021 B$'000	2020 B$'000
STATEMENTS OF FINANCIAL POSITION				
Assets				
Loans and Advances (excluding Credit Cards)	-	-	128,830	133,405
Credit Cards	-	-	28	21
Other Assets	1,503	666	-	-
Total	1,503	666	128,858	133,426
Liabilities				
Deposits	357,780	325,940	271,063	255,820
Other Liabilities	2,587	2,203	-	-
Total	360,367	328,143	271,203	255,820
Off-Balance Sheet items				
Undrawn Facilities	-	-	290,877	215,868
Guarantees	-	-	19,028	15,767
Contingencies and Other Commitments	-	-	10,076	9,000
Letters of Credit	-	-	3,736	145
Total	-	-	323,717	240,780
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
Income				
Interest Income	-	-	4,769	4,886
Other income	947	1,399	-	-
Total	947	1,399	4,769	4,886
Expenses				
Interest Expenses	973	1,461	458	724

34 RECLASSIFICATION OF PRIOR YEAR COMPARATIVES

Certain reclassifications were made to certain line items in the Bank's and Group's Statements of Profit or Loss affecting Fee Income, Fee Expense, Other Operating Income, Personnel Expenses, Other Overhead Expenses and Recoveries of Loans/Financing Written-off to enhance comparability. Other than reclassifications between Other Overhead Expenses and Recoveries of Loans/Financing Written-off amounting to B$2.6mil for the Group, the other reclassifications for the Bank and the Group were insignificant.

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