BAIDURI BANK

REPORT OF THE DIRECTORS & CONSOLIDATED FINANCIAL STATEMENTS

BAIDURI BANK BERHAD AND ITS SUBSIDIARIES

(Incorporated in Brunei Darussalam)

REPORT OF THE DIRECTORS
AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

[ROC No: AGO/RC/3275]

BAIDURI BANK BERHAD AND ITS SUBSIDIARIES
(Incorporated in Brunei Darussalam)

REPORT OF THE DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

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BAIDURI BANK BERHAD AND ITS SUBSIDIARIES
(Incorporated in Brunei Darussalam)

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and audited consolidated financial statements of Baiduri Bank Berhad (the "Bank") and its subsidiaries (the "Group") for the financial year ended December 31, 2020.

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, 2020, as restated	34	**98,596**	**155,044**
Total profits for the financial year		**56,844**	**58,868**
Transferred to Statutory Reserve from Retained Earnings		**(14,211)**	**(17,588)**
Dividend paid		**(18,750)**	**(18,750)**
Balance as at December 31, 2020	30	**122,479**	**177,574**

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, 2020 are set out in the Statements of Financial Position. These consolidated financial statements were approved by the Board of Directors on March 17, 2021.

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, 2019	18,750,000

At the forthcoming Annual General Meeting, a final dividend of B$ 19,000,000 in respect of the financial year ended December 31, 2020 will be proposed for shareholders' approval.

DIRECTORS

The directors in office during the financial year and 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	(appointed on March 19, 2020)
YM Hajah Rahayu Binti Dato Paduka Haji Abdul Razak	(appointed on March 19, 2020)
Pierre Imhof	
Bertie Cheng Shao Shiong	
Dayang Norliah Binti Haji Kula	(resigned on January 1, 2020)
Haji Sofian Bin Jani	(resigned on February 15, 2020)

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 except as follows:

Name of directors and companies in which interests are held	Holdings registered under the name of director or nominee	
	At December 31, 2020	At January 1, 2020 or date of appointment, if later
Subsidiary company		
Baiduri Finance Berhad		
(Ordinary shares)		
YAM Pengiran Muda Abdul Fattaah	1	1
YM Dato Paduka Timothy Ong Teck Mong	1	1
Pierre Imhof	1	1
Bertie Cheng Shao Shiong	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 17, 2021

Deloitte.

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Deloitte & Touche
Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

BAIDURI BANK BERHAD AND ITS SUBSIDIARIES
(Incorporated in Brunei Darussalam)

Opinion

We have audited the 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, 2020 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 101.

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, Cap. 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, 2020 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 of 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 Directors' Report 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 auditors' 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 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, 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 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 17, 2021

BAIDURI BANK BERHAD AND ITS SUBSIDIARIES
(Incorporated in Brunei Darussalam)

STATEMENTS OF PROFIT OR LOSS
For the year ended December 31, 2020

		Bank			Group		
	Note	2020 B$'000	2019 B$'000	Change	2020 B$'000	2019 B$'000	Change
Income							
Interest Income		**81,682**	104,054	-21.50%	**136,813**	159,096	-14.01%
Interest Expense		**(12,261)**	(19,389)	-36.76%	**(15,184)**	(21,702)	-30.03%
Net Interest Income	5	**69,421**	84,665	-18.01%	**121,629**	137,394	-11.48%
Fee Income		**9,599**	9,047	6.11%	**11,108**	9,940	11.75%
Fee Expense		**(457)**	(420)	8.89%	**(844)**	(584)	44.55%
Net Fee Income		**9,142**	8,627	5.97%	**10,264**	9,356	9.70%
Other Operating Income	6	**47,617**	49,928	-4.63%	**28,796**	27,093	6.29%
Net Income/(Loss) from Other Financial Instruments at Fair Value through Profit or Loss	7	**253**	(328)	-176.86%	**253**	(328)	-176.86%
Net Other Operating Income		**47,870**	49,600	-3.49%	**29,049**	26,765	8.54%
Total Operating Income before Impairment Charges and Allowances		**126,433**	142,892	-11.52%	**160,942**	173,515	-7.25%
Less:							
Personnel Expenses	8	**(33,681)**	(32,302)	4.27%	**(39,920)**	(38,415)	3.92%
Provision for End of Service Benefits		**(1,000)**	(2,000)	-50.00%	**(1,288)**	(2,288)	-43.71%
Other Overhead Expenses	9	**(30,666)**	(35,979)	-14.77%	**(52,064)**	(56,578)	-7.98%
Total Operating Expenses		**(65,347)**	(70,281)	-7.02%	**(93,272)**	(97,281)	-4.12%
Less:							
Impairment Losses for Loans	4.4	**(9,246)**	(18,942)	-51.19%	**(21,269)**	(28,349)	-24.98%
Impairment of Investments/ Placements		**(343)**	-	100.00%	**(343)**	-	100.00%
Loans/Financing Written-off		**(49)**	(851)	-94.29%	**(49)**	(851)	-94.29%
Recoveries of Loans/Financing Written-off		**10,984**	10,274	6.90%	**23,567**	21,636	8.92%
Net Impairment Charges and Allowances		**1,346**	(9,519)	-114.14%	**1,906**	(7,564)	-125.21%
Profit before Taxation		**62,432**	63,092	-1.05%	**69,576**	68,670	1.32%
Less: Income Tax Expense	10	**(5,588)**	(6,860)	-18.54%	**(10,708)**	(12,144)	-11.83%
Profit after Taxation / Profit for the year		**56,844**	56,232	1.09%	**58,868**	56,526	4.15%

The significant accounting policies and the notes from pages 12 to 101 form an integral part of the consolidated financial statements.

BAIDURI BANK BERHAD AND ITS SUBSIDIARIES
(Incorporated in Brunei Darussalam)

STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2020

	Bank		Group	
	2020	**2019**	**2020**	**2019**
	B$'000	**B$'000**	**B$'000**	**B$'000**
Profit after Taxation / Profit for the year	**56,844**	56,232	**58,868**	56,526
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	**56,844**	56,232	**58,868**	56,526

The significant accounting policies and the notes from pages 12 to 101 form an integral part of the consolidated financial statements.

BAIDURI BANK BERHAD AND ITS SUBSIDIARIES
(Incorporated in Brunei Darussalam)

STATEMENTS OF FINANCIAL POSITION
As at December 31, 2020

	Note	Bank			Group				
		2020 B$'000	2019 B$'000	Change	2020 B$'000	2019 B$'000 Restated	Change	2018 B$'000 Restated	Change
ASSETS									
Cash and Short Term Funds	11	**1,345,612**	1,679,281	-19.87%	**1,356,600**	1,685,913	-19.53%	1,953,743	-13.71%
Balances with AMBD	12	**-**	-	0.00%	**62,252**	53,080	17.28%	57,126	-7.08%
Derivative Assets	13	**477**	596	-20.06%	**477**	596	-20.06%	179	232.96%
Government Sukuk	14	**79,844**	75,553	5.68%	**79,844**	75,553	5.68%	24,660	206.38%
Investment Securities	15	**577,423**	80,061	621.22%	**577,423**	80,061	621.22%	63,033	27.01%
Loans and Advances	16	**1,215,968**	1,193,611	1.87%	**2,017,487**	1,979,137	1.94%	2,058,081	-3.84%
Group Balances Receivable	17	**-**	341	-100.00%	**-**	-	0.00%	-	100.00%
Investments in Subsidiaries	18	**47,949**	47,949	0.00%	**-**	-	0.00%	-	-
Other Assets	19	**9,375**	8,708	7.66%	**39,537**	36,965	6.99%	38,401	-3.74%
Right-of-use Assets	20	**2,326**	3,059	-23.94%	**3,822**	4,960	-22.94%	-	100.00%
Property, Plant and Equipment	21	**58,198**	50,600	15.02%	**59,440**	51,497	15.42%	35,700	44.25%
Total Assets		**3,337,172**	3,139,759	6.29%	**4,196,882**	3,967,762	5.77%	4,230,923	-6.22%
LIABILITIES AND EQUITY									
Deposits from Customers	22	**2,419,004**	2,415,529	0.14%	**3,476,546**	3,320,997	4.68%	3,584,979	-7.36%
Deposits from Banks and Other Financial Institutions	23	**337,996**	211,804	59.58%	**12,056**	3,890	209.92%	4,676	-16.81%
Derivative Liabilities	13	**76**	36	109.01%	**76**	36	109.01%	124	-70.97%
Borrowings	24	**26,521**	-	100.00%	**26,521**	-	100.00%	54,641	100.00%
Lease Liabilities	25	**2,445**	3,139	-22.12%	**4,015**	5,089	-21.10%	-	100.00%
Group Balances Payable	17	**2,191**	-	100.00%	**-**	-	0.00%	-	-
Other Liabilities	26	**74,254**	71,795	3.42%	**84,587**	83,923	0.79%	71,407	17.53%
Deferred Taxation	27	**7,446**	7,446	0.00%	**7,493**	7,493	0.00%	8,493	-11.77%
Provision for Taxation	10	**15,584**	16,449	-5.25%	**39,221**	40,085	-2.16%	39,880	0.51%
Total Liabilities		**2,885,517**	2,726,198	5.84%	**3,650,515**	3,461,513	5.46%	3,764,200	-8.04%
SHAREHOLDERS' EQUITY									
Share Capital	28	**180,000**	180,000	0.00%	**180,000**	180,000	0.00%	150,000	20.00%
Statutory Reserves	29	**144,022**	129,811	10.95%	**183,639**	166,051	10.59%	178,486	-6.97%
Other Reserves	30	**127,633**	103,750	23.02%	**182,728**	160,198	14.19%	138,237	15.89%
Total Shareholders' Funds/ Total Equity		**451,655**	413,561	9.21%	**546,367**	506,249	7.92%	466,723	8.47%
Total Liabilities and Equity		**3,337,172**	3,139,759	6.29%	**4,196,882**	3,967,762	5.77%	4,230,923	-6.22%
Off-Balance Sheet items:									
CONTINGENCIES AND COMMITMENTS	31	**1,078,328**	927,298	16.29%	**1,078,328**	927,298	16.29%	830,449	11.66%

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

Director

Director

Director

The significant accounting policies and the notes from pages 12 to 101 form an integral part of the consolidated financial statements.

BAIDURI BANK BERHAD AND ITS SUBSIDIARIES
(Incorporated in Brunei Darussalam)

STATEMENTS OF CHANGES IN EQUITY
For the year ended December 31, 2020

Bank	Note	Share Capital B$'000	Statutory Reserve B$'000	General Reserve B$'000	Retained Earnings: Retained Earnings B$'000	Retained Earnings: Prudential Reserve for Credit Losses B$'000	Total Equity B$'000
Balance as at January 1, 2019		150,000	145,753	5,154	48,140	25,282	374,329
Net profit for the year		-	-	-	56,232	-	56,232
Transfer to:							
- Statutory reserve		-	14,058	-	(14,058)	-	-
- Prudential reserve for credit losses		-	-	-	23,410	(23,410)	-
- Increase in share capital		30,000	(30,000)	-	-	-	-
Dividend paid		-	-	-	(17,000)	-	(17,000)
Balance as at December 31, 2019		**180,000**	**129,811**	**5,154**	**96,724**	**1,872**	**413,561**
Net profit 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**

Group	Note	Share Capital B$'000	Statutory Reserve B$'000	General Reserve B$'000	Retained Earnings: Retained Earnings B$'000	Retained Earnings: Prudential Reserve for Credit Losses B$'000	Total Equity B$'000
Balance as at January 1, 2019 as previously stated		150,000	178,486	5,154	116,713	25,524	475,877
Prior year adjustment	34	-	-	-	(9,154)	-	(9,154)
Balance as at January 1, 2019, as restated		150,000	178,486	5,154	107,559	25,524	466,723
Net profit for the year		-	-	-	56,526	-	56,526
Transfer to:							
- Statutory reserve		-	17,565	-	(17,565)	-	-
- Prudential reserve for credit losses		-	-	-	23,190	(23,190)	-
- Increase in share capital		30,000	(30,000)	-	-	-	-
Dividend paid		-	-	-	(17,000)	-	(17,000)
Balance as at January 1, 2020 as previously stated		**180,000**	**166,051**	**5,154**	**161,864**	**2,334**	**515,403**
Prior year adjustment	34	-	-	-	(9,154)	-	(9,154)
Balance as at January 1, 2020 as restated		**180,000**	**166,051**	**5,154**	**152,710**	**2,334**	**506,249**
Net profit 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**

The significant accounting policies and the notes from pages 12 to 101 form an integral part of the consolidated financial statements.

BAIDURI BANK BERHAD AND ITS SUBSIDIARIES
(Incorporated in Brunei Darussalam)

STATEMENTS OF CASH FLOWS
For the year ended December 31, 2020

	Note	Bank 2020 B$'000	Bank 2019 B$'000	Group 2020 B$'000	Group 2019 B$'000
Cash flows from operating activities					
Profit before taxation:		**62,432**	63,092	**69,576**	68,670
Adjustments for non-cash items:					
Depreciation of Property, Plant and Equipment	21	**5,885**	4,888	**6,190**	5,198
Depreciation of Right-of-use Assets	20	**1,018**	1,036	**1,528**	1,533
Net Gain on Disposal of Property, Plant and Equipment	6, 9	**(74)**	(47)	**(100)**	(47)
Net (Income)/Loss from Other Financial Instruments at Fair Value through Profit or Loss		**(253)**	328	**(253)**	328
Interest Expense on Lease Liabilities		**145**	195	**241**	313
Impairment of Investments/Placements		**343**	-	**343**	-
Impairment Losses for Loans	4.4	**9,246**	18,942	**21,269**	28,349
Increase in Accrued Expenditure and Provisions		**2,079**	5,531	**2,432**	5,529
Operating profit before change in operating assets and liabilities		**80,821**	93,965	**101,226**	109,873
Change in Operating assets and liabilities:					
Placements with Banks		**(36,568)**	158,731	**(172,890)**	181,446
Balances with AMBD		**-**	-	**(9,172)**	4,046
Derivative Assets		**119**	(417)	**119**	(417)
Loans and Advances		**(31,603)**	50,701	**(59,619)**	50,595
Other Assets		**(326)**	1,307	**(2,572)**	1,436
Deposits from Customers		**3,427**	(228,414)	**155,502**	(264,055)
Deposits from Banks and Other Financial Institutions		**126,192**	(14,808)	**8,166**	(786)
Derivative Liabilities		**40**	(88)	**40**	(88)
Other Liabilities		**2,571**	(323)	**(1,767)**	6,987
Cash from operating activities		**144,673**	60,654	**19,033**	89,037
Income Tax Paid		**(6,453)**	(9,432)	**(11,572)**	(12,939)
Net cash from operating activities		**138,220**	51,222	**7,461**	76,098
Cash flows used in investing activities					
Purchase of Property, Plant and Equipment	21	**(14,653)**	(20,346)	**(15,307)**	(20,987)
Proceeds from disposal of Property, Plant and Equipment		**1,244**	39	**1,274**	39
Net Investments		**(501,695)**	(68,176)	**(501,695)**	(68,176)
Net cash used in investing activities		**(515,104)**	(88,483)	**(515,728)**	(89,124)
Cash flows generated from/(used in) financing activities					
Drawdown/(Repayment) of Borrowings	32	**26,521**	(54,641)	**26,521**	(54,641)
Repayment of Lease Liabilities	32	**(1,124)**	(1,151)	**(1,705)**	(1,717)
Dividend paid		**(18,750)**	(17,000)	**(18,750)**	(17,000)
Net cash from/(used in) financing activities		**6,647**	(72,792)	**6,066**	(73,358)
Net change in Cash and Cash Equivalents		**(370,237)**	(110,053)	**(502,201)**	(86,384)
Cash and Cash Equivalents as at January 1		**1,460,388**	1,570,441	**1,328,107**	1,414,491
Cash and Cash Equivalents as at December 31	32	**1,090,151**	1,460,388	**825,906**	1,328,107

The significant accounting policies and the notes from pages 12 to 101 form an integral part of the consolidated financial statements.

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. 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 17, 2021.

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, Cap. 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. 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.

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 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.

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 ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries 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 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, associates and joint ventures 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 held at fair value through profit or loss that have been measured at fair value. 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.

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 characteristics 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, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in inventories or value in use for assessing impairment of non-financial 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 received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

2.4.1 Interest

Interest income and expense for all financial instruments, except 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.

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.

Interest income and expense on all trading assets and liabilities that are considered to be incidental to the Bank's trading operations other derivatives held for risk management purposes and other financial assets or liabilities carried at fair value through profit or loss are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

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.

2.4.3 Other operating income

Other operating income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

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-trading derivatives 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. It includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; 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.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 LEASES (cont'd)

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 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 cases the lease liability is remeasured by discounting the revised lease payments using the initial 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 LEASES (cont'd)

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.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

2.7 TAXATION

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

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 TAXATION (cont'd)

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.

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

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.

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 arrangement, 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.

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 (cont'd)

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.

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 gain/(loss) 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.

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;
- 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 'Net trading income', if the asset is held for trading, or in 'Net (loss)/gain 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.

(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.

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 has 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(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 an 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.

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', 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.

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)

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.

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.

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)

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.

(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).

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 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;
- A 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.

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.

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.

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

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.

2.11.3 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 entity are recognised when the proceeds received, net of direct issue costs.

2.11.4 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.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.5 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 Bank 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 re-measurement 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 gain/(loss) 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.

2.11.6 Other financial liabilities

Other financial liabilities (including 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.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.7 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 contracts issued by the Bank 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.

2.11.8 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.

2.11.9 Derivative financial instruments

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

Derivatives are initially recognised 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.

2.11.10 Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 STANDARDS ISSUED BUT NOT YET EFFECTIVE

As at January 1, 2020, 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 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 does not anticipate that the application of amendments to IAS 1 will have a material impact on its consolidated financial statements.

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 IFRS 3 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 does not anticipate that the amendments to IFRS 3 will have a material impact on its consolidated financial statements.

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 does not anticipate that the amendments to IAS 16 will have a material impact on its consolidated financial statements.

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 does not anticipate that the annual improvements to IFRS Standards 2018-2020 will have a material impact on its consolidated financial statements.

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:

- Business model assessment: Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the assets are held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continue to be appropriate and if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets.

- 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 increase, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

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

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

- 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.

- 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.

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:

- 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.

- 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.

- 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.

- 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.

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES

4.1 CAPITAL MANAGEMENT

The Group's regulator, Autoriti Monetari Brunei Darussalam ("AMBD") 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, 2019 and 2020. Management monitors capital based on "capital funds" as defined under the Brunei Darussalam Banking Order, 2006.

	Bank		Group	
	2020	2019	2020	2019
	B$'000	B$'000	B$'000	B$'000
				Restated
Capital				
Core Capital (Tier I Capital)	**432,655**	394,811	**527,367**	487,499
Supplementary Capital (Tier II Capital)	**11,050**	19,631	**15,382**	25,417
Less: Investment in Subsidiaries	**(47,949)**	(47,949)	**-**	-
Total Capital base	**395,756**	366,493	**542,749**	512,916
Risk-weighted amount				
Risk-weighted amount for Credit Risk	**1,632,989**	1,570,495	**2,293,444**	2,206,900
Risk-weighted amount for Operational Risk	**267,148**	265,271	**322,211**	324,674
Risk-weighted amount for Market Risk	**3,264**	1,802	**3,194**	1,779
Total Risk-weighted amount	**1,903,401**	1,837,568	**2,618,849**	2,533,353
Capital Ratios				
Core Capital (Tier I) Ratio, %	**22.73%**	21.49%	**20.14%**	19.24%
Total Capital Ratio, %	**20.79%**	19.94%	**20.72%**	20.25%

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

4.2 CATEGORIES OF FINANCIAL INSTRUMENTS

	2020			2019		
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 Short Term Funds	-	1,345,612	**1,345,612**	-	1,679,281	1,679,281
Derivative Assets	477	-	**477**	596	-	596
Government Sukuk	-	79,844	**79,844**	-	75,553	75,553
Investment Securities	54,640	522,783	**577,423**	14,725	65,336	80,061
Loans and Advances	-	1,215,968	**1,215,968**	-	1,193,611	1,193,611
Group Balances Receivable	-	-	**-**	-	341	341
Others Assets	-	7,791	**7,791**	-	6,984	6,984
Total Financial Assets	**55,117**	**3,171,998**	**3,227,115**	15,321	3,021,106	3,036,427
Financial Liabilities						
Deposits from Customers	4,142	2,414,862	**2,419,004**	14,540	2,400,989	2,415,529
Deposits from Banks and Other Financial Institutions	-	337,996	**337,996**	-	211,804	211,804
Derivative Liabilities	76	-	**76**	36	-	36
Borrowings	-	26,521	**26,521**	-	-	-
Lease Liabilities	-	2,445	**2,445**	-	3,139	3,139
Group Balances Payable	-	2,191	**2,191**	-	-	-
Other Liabilities	-	64,942	**64,942**	-	63,400	63,400
Total Financial Liabilities	**4,218**	**2,848,957**	**2,853,175**	14,576	2,679,332	2,693,908

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

4.2 CATEGORIES OF FINANCIAL INSTRUMENTS (cont'd)

	2020			2019		
Group	**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$'000 Restated**	**Total Carrying Amount B$'000 Restated**
Financial Assets						
Cash and Short Term Funds	-	1,356,600	**1,356,600**	-	1,685,913	1,685,913
Balances with AMBD	-	62,252	**62,252**	-	53,080	53,080
Derivative Assets	477	-	**477**	596	-	596
Government Sukuk	-	79,844	**79,844**	-	75,553	75,553
Investment Securities	54,640	522,783	**577,423**	14,725	65,336	80,061
Loans and Advances	-	2,017,487	**2,017,487**	-	1,979,137	1,979,137
Others Assets	-	37,889	**37,889**	-	35,163	35,163
Total Financial Assets	**55,117**	**4,076,855**	**4,131,972**	15,321	3,894,182	3,909,503
Financial Liabilities						
Deposits from Customers	4,142	3,472,404	**3,476,546**	14,540	3,306,457	3,320,997
Deposits from Banks and Other Financial Institutions	-	12,056	**12,056**	-	3,890	3,890
Derivative Liabilities	76	-	**76**	36	-	36
Borrowings	-	26,521	**26,521**	-	-	-
Lease Liabilities	-	4,015	**4,015**	-	5,089	5,089
Other Liabilities	-	73,014	**73,014**	-	73,386	73,386
Total Financial Liabilities	**4,218**	**3,588,010**	**3,592,228**	14,576	3,388,822	3,403,398

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

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

				Related Amounts not set off in the Statements of Financial Position		
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$'000**	**Financial Instruments B$'000**	**Cash Collateral received B$'000**	**Net amount B$'000**
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
2019						
Type of Financial Asset						
Other Assets:						
Rental income receivable	11	-	11	-	11	-
	11	-	11	-	11	-
Type of Financial Liability						
Other Liabilities:						
Refundable deposits from Tenants	11	-	11	-	11	-
	11	-	11	-	11	-

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.

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.

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$ 338,000 (2019, as restated: B$ 94,000) based on the above assumption.

Measurement of ECL
The key inputs used for measurement 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.

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 instrument 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 - Provision

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	
	2020	2019	2020	2019	2020	2019
Bank	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000
Agriculture	**7,426**	3,997	**4,270**	3,381	**11,696**	7,378
Constructions and Property Financing	**472,720**	464,690	**44,423**	82,231	**517,143**	546,921
Financial	**-**	-	**75,269**	64,857	**75,269**	64,857
Infrastructure	**5,665**	5,186	**66,793**	3,842	**72,458**	9,028
Manufacturing	**79,983**	49,839	**96,866**	81,990	**176,849**	131,829
Personal and Consumption Loans	**175,245**	206,523	**26,311**	9,802	**201,556**	216,325
Services	**289,809**	176,039	**275,393**	361,479	**565,202**	537,518
Telecommunication and Information Technology	**2,444**	6,916	**122,520**	6,190	**124,964**	13,106
Tourism	**18,439**	20,248	**15,003**	3,563	**33,442**	23,811
Traders	**145,983**	174,794	**193,691**	137,762	**339,674**	312,556
Transportation	**91,904**	172,168	**157,789**	172,201	**249,693**	344,369
Total	**1,289,618**	1,280,400	**1,078,328**	927,298	**2,367,946**	2,207,698

	Loans and Advances		Contingencies and Other Commitments		Total	
	2020	2019	2020	2019	2020	2019
Group	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000
Agriculture	**7,426**	3,997	**4,270**	3,381	**11,696**	7,378
Constructions and Property Financing	**472,720**	464,690	**44,423**	82,231	**517,143**	546,921
Financial	**-**	-	**75,269**	64,857	**75,269**	64,857
Infrastructure	**5,665**	5,186	**66,793**	3,842	**72,458**	9,028
Manufacturing	**79,983**	49,839	**96,866**	81,990	**176,849**	131,829
Personal and Consumption Loans	**175,245**	206,523	**26,311**	9,802	**201,556**	216,325
Services	**289,809**	176,039	**275,393**	361,479	**565,202**	537,518
Telecommunication and Information Technology	**2,444**	6,916	**122,520**	6,190	**124,964**	13,106
Tourism	**18,439**	20,248	**15,003**	3,563	**33,442**	23,811
Traders	**145,983**	174,794	**193,691**	137,762	**339,674**	312,556
Transportation	**912,732**	974,816	**157,789**	172,201	**1,070,521**	1,147,017
Total	**2,110,446**	2,083,048	**1,078,328**	927,298	**3,188,774**	3,010,346

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.

	Total Credit Exposure		Non-Performing Loans		%	
	2020	2019	2020	2019	2020	2019
Bank	**B$'000**	**B$'000**	**B$'000**	**B$'000**		
Agriculture	**11,696**	7,378	**-**	-	**0.00%**	0.00%
Constructions and Property Financing	**517,143**	546,921	**23,460**	28,066	**4.54%**	5.13%
Financial	**75,269**	64,857	**-**	-	**0.00%**	0.00%
Infrastructure	**72,458**	9,028	**-**	-	**0.00%**	0.00%
Manufacturing	**176,849**	131,829	**927**	1,558	**0.52%**	1.18%
Personal and Consumption Loans	**201,556**	216,325	**7,710**	16,908	**3.83%**	7.82%
Services	**565,202**	537,518	**4,841**	7,012	**0.86%**	1.30%
Telecommunication and Information Technology	**124,964**	13,106	**246**	723	**0.20%**	5.52%
Tourism	**33,442**	23,811	**-**	542	**0.00%**	2.28%
Traders	**339,674**	312,556	**30,952**	29,646	**9.11%**	9.49%
Transportation	**249,693**	344,369	**488**	491	**0.20%**	0.14%
Total	**2,367,946**	2,207,698	**68,624**	84,946		

	Total Credit Exposure		Non-Performing Loans		%	
	2020	2019	2020	2019	2020	2019
Group	**B$'000**	**B$'000**	**B$'000**	**B$'000**		
Agriculture	**11,696**	7,378	**-**	-	**0.00%**	0.00%
Constructions and Property Financing	**517,143**	546,921	**23,460**	28,066	**4.54%**	5.13%
Financial	**75,269**	64,857	**-**	-	**0.00%**	0.00%
Infrastructure	**72,458**	9,028	**-**	-	**0.00%**	0.00%
Manufacturing	**176,849**	131,829	**927**	1,558	**0.52%**	1.18%
Personal and Consumption Loans	**201,556**	216,325	**7,710**	16,908	**3.83%**	7.82%
Services	**565,202**	537,518	**4,841**	7,012	**0.86%**	1.30%
Telecommunication and Information Technology	**124,964**	13,106	**246**	723	**0.20%**	5.52%
Tourism	**33,442**	23,811	**-**	542	**0.00%**	2.28%
Traders	**339,674**	312,556	**30,952**	29,646	**9.11%**	9.49%
Transportation	**1,070,521**	1,147,017	**17,343**	9,422	**1.62%**	0.82%
Total	**3,188,774**	3,010,346	**85,479**	93,877		

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

	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**
Non past due	1,159,496	59,142	12,521	1,888	1,233,047
Month-in-arrear 1	-	1,298	1,187	109	2,594
Month- in- arrear 2	-	1,058	657	19	1,734
Month- in-arrear 3 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**

	December 31, 2019				
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**
Non past due	1,172,480	15,426	5,044	2,409	1,195,359
Month-in-arrear 1	-	4,425	1,467	21	5,913
Month- in- arrear 2	-	3,123	885	-	4,008
Month- in-arrear 3 and above	-	-	71,420	3,700	75,120
Total gross carrying amount	1,172,480	22,974	78,816	6,130	1,280,400
Loss allowances	(23,065)	(8,833)	(54,230)	(661)	(86,789)
Net carrying amount	1,149,415	14,141	24,586	5,469	1,193,611

	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	1,882,229	75,825	16,205	1,941	1,976,200
Month-in-arrear 1	-	58,784	4,244	120	63,148
Month- in- arrear 2	-	8,129	2,262	21	10,412
Month- in-arrear 3 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**

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

	December 31, 2019				
	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	POCI	Total
Group	B$'000	B$'000	B$'000	B$'000	B$'000
Non past due	1,866,132	15,426	5,044	2,590	1,889,192
Month-in-arrear 1	-	90,905	1,467	33	92,405
Month-in-arrear 2	-	16,708	885	-	17,593
Month-in-arrear 3 and above	-	-	80,158	3,700	83,858
Total gross carrying amount	1,866,132	123,039	87,554	6,323	2,083,048
Loss allowances, as restated	(25,418)	(18,288)	(59,483)	(722)	(103,911)
Net carrying amount, as restated	1,840,714	104,751	28,071	5,601	1,979,137

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

	Bank		Group	
	2020	2019	2020	2019
	B$'000	B$'000	B$'000	B$'000
				Restated
Loan and Advances	72,682	85,184	91,991	102,306
Loan Commitments	904	1,439	904	1,439
Financial Guarantee Contracts	64	166	64	166
Total	73,650	86,789	92,959	103,911

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	
	2020	2019	2020	2019
	B$'000	B$'000	B$'000	B$'000
Loan and Advances	9,883	19,100	21,906	28,507
Loan Commitments	(535)	(126)	(535)	(126)
Financial Guarantee Contracts	(102)	(32)	(102)	(32)
Total	9,246	18,942	21,269	28,349

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 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, 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)**

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, 2019	1,239,686	17,751	104,010	9,681	1,371,128
Changes in the Gross carrying amount					
- Transfer to stage 1	3,349	(2,894)	(455)	-	-
- Transfer to stage 2	(15,803)	15,809	(6)	-	-
- Transfer to stage 3	(5,135)	(5,444)	10,579	-	-
- Increase/(Decrease) during the year	(145,300)	(1,260)	996	(1,703)	(147,267)
- Change due to modifications that did not result in derecognition	(3,829)	213	3,833	222	439
New financial assets originated or purchased	298,335	3,850	598	-	302,783
Financial assets that have been derecognised	(198,809)	(5,051)	(1,588)	(357)	(205,805)
Write offs	(14)	-	(39,151)	(1,713)	(40,878)
Gross carrying amount as at December 31, 2019	1,172,480	22,974	78,816	6,130	1,280,400
Loss allowances as at December 31, 2019	(21,471)	(8,822)	(54,230)	(661)	(85,184)

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (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, 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	-	-
- Increase/(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)**

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, 2019	1,936,416	123,975	114,697	10,205	2,185,293
Changes in the Gross carrying amount					
- Transfer to stage 1	38,540	(37,399)	(1,141)	-	-
- Transfer to stage 2	(68,309)	69,058	(749)	-	-
- Transfer to stage 3	(9,116)	(10,435)	19,551	-	-
- Increase/(Decrease) during the year	(287,217)	(22,503)	1,790	(1,929)	(309,859)
- Change due to modifications that did not result in derecognition	(3,829)	213	3,833	222	439
- New financial assets originated or purchased	525,812	20,902	2,179	-	548,893
Financial assets that have been derecognised	(262,082)	(14,295)	(2,137)	(400)	(278,914)
Write offs	(4,083)	(6,477)	(50,469)	(1,775)	(62,804)
Gross carrying amount as at December 31, 2019	1,866,132	123,039	87,554	6,323	2,083,048
Loss allowances as at December 31, 2019, as restated	(23,824)	(18,277)	(59,483)	(722)	(102,306)

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 loan commitments.

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, 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	-	-
- Increase/(Decrease) 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)**

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, 2019	432,590	-	-	-	432,590
Changes in amount committed					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	(167)	167	-	-	-
- Transfer to stage 3	-	-	-	-	-
- (Decrease)/Increase during the year	(14,617)	18	-	-	(14,599)
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	128,745	48	-	-	128,793
Loan commitments that have been derecognised	(64,745)	-	-	-	(64,745)
Total amount committed as at December 31, 2019	481,806	233	-	-	482,039
Loss allowances as at December 31, 2019	(1,427)	(12)	-	-	(1,439)

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$'000
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)

Financial guarantees

Bank and Group	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000	POCI B$'000	Total B$'000
Total amount guaranteed as at January 1, 2019	22,853	-	-	-	22,853
Changes in amount guaranteed					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase during the year	455	-	-	-	455
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	2,777	-	-	-	2,777
Financial guarantees that have been derecognised	(6,785)	-	-	-	(6,785)
Total amount guaranteed as at December 31, 2019	19,300	-	-	-	19,300
Loss allowances as at December 31, 2019	(166)	-	-	-	(166)

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 loss allowances 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, 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**

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, 2019	20,028	10,163	75,906	14	106,111
Write offs	(14)	-	(38,300)	(1,713)	(40,027)
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	2,144	(1,800)	(344)	-	-
- Transfer to stage 2	(269)	274	(5)	-	-
- Transfer to stage 3	(84)	(3,126)	3,210	-	-
- Increase/(Decrease) due to change in credit risk	(4,543)	4,646	12,792	2,317	15,212
- Changes due to modifications that did not result in derecognition	(61)	(73)	2,222	-	2,088
New financial assets originated or purchased	7,830	1,605	307	-	9,742
Financial assets that have been derecognised	(3,560)	(2,867)	(1,558)	43	(7,942)
Loss allowances as at December 31, 2019	21,471	8,822	54,230	661	85,184

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	Note	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, as previously stated		**22,362**	**12,155**	**57,907**	**728**	**93,152**
Prior year adjustment	34	**1,462**	**6,122**	**1,576**	**(6)**	**9,154**
Loss allowances as at January 1, 2020, as restated		**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**

Group	Note	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, 2019, as previously stated		20,989	14,110	81,095	101	116,295
Prior year adjustment	34	1,443	5,928	1,718	65	9,154
Loss allowances as at January 1, 2019, as restated		22,432	20,038	82,813	166	125,449
Write offs		(28)	(728)	(49,162)	(1,732)	(51,650)
Increase/(Decrease) in allowance recognised in Profit or Loss						
Changes in Loss allowances						
- Transfer to stage 1		5,900	(5,022)	(878)	-	-
- Transfer to stage 2		(450)	830	(380)	-	-
- Transfer to stage 3		(98)	(3,562)	3,660	-	-
- Increase/(Decrease) due to change in credit risk		(8,696)	6,709	22,180	2,253	22,446
- Changes due to modifications that did not result in derecognition		(61)	(73)	2,222	-	2,088
New financial assets originated or purchased		8,603	3,692	1,174	-	13,469
Financial assets that have been derecognised		(3,778)	(3,607)	(2,146)	35	(9,496)
Loss allowances as at December 31, 2019, as restated		23,824	18,277	59,483	722	102,306

Certain reclassification to prior year's figures in the above table was made to enhance comparability with current year's figures.

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 loan commitments.

Credit risk (cont'd)

Loss allowances – 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**
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/(Decrease) 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**

Loss allowances – 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**
Loss allowances as at January 1, 2019	1,565	-	-	-	1,565
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 during the year	(59)	11	-	-	(48)
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	528	1	-	-	529
Loan commitments that have been derecognised	(607)	-	-	-	(607)
Loss allowances as at December 31, 2019	1,427	12	-	-	1,439

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, 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**

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, 2019	198	-	-	-	198
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	-	-	-	-	-
- Decrease during the year	4	-	-	-	4
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	24	-	-	-	24
Financial guarantees that have been derecognised	(60)				(60)
Loss allowances as at December 31, 2019	166	-	-	-	166

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.

	Bank		Group	
	2020	**2019**	**2020**	**2019**
	B$'000	**B$'000**	**B$'000**	**B$'000**
Renegotiated loans and advances	**9,972**	4,671	**15,082**	15,459

Write-off policy

The Group writes off a loan 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.

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 of 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	Bank Loans and Advances B$'000	Bank Financial Effect of Collateral Held B$'000	Bank Net Exposure from Loans and Advances B$'000	Group Loans and Advances B$'000	Group Financial Effect of Collateral Held B$'000	Group Net Exposure from Loans and Advances B$'000
2020							
Agriculture	Mortgage / Cash	7,426	7,426	-	7,426	7,426	-
Constructions and Property Financing	Mortgage / Property	472,720	443,057	29,663	472,720	443,057	29,663
Infrastructure	Cash / Debenture	5,665	4,156	1,509	5,665	4,156	1,509
Manufacturing	Debenture / Cash	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 / Debenture	289,809	111,508	178,301	289,809	111,508	178,301
Telecommunication and Information Technology	Cash / Debenture	2,444	1,875	569	2,444	1,875	569
Tourism	Cash / Property	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	Debenture / Cash	91,904	15,593	76,311	912,732	438,864	473,868
Total		1,289,618	731,794	557,824	2,110,446	1,155,065	955,381

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 of other credit enhancements, and their financial effect (cont'd)

		Bank			Group		
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**
2019							
Agriculture	Cash / Mortgage	3,997	3,997	-	3,997	3,997	-
Constructions and Property Financing	Mortgage / Property	464,690	430,758	33,932	464,690	430,758	33,932
Infrastructure	Cash	5,186	4,310	876	5,186	4,310	876
Manufacturing	Cash / Debenture	49,839	39,840	9,999	49,839	39,840	9,999
Personal and Consumption Loans	Mortgage / Cash	206,523	25,839	180,684	206,523	25,839	180,684
Services	Cash / Mortgage	176,039	76,363	99,676	176,039	76,363	99,676
Telecommunication and Information Technology	Cash / Property	6,916	2,550	4,366	6,916	2,550	4,366
Tourism	Cash / Debentures	20,248	13,199	7,049	20,248	13,199	7,049
Traders	Cash / Property	174,794	103,257	71,537	174,794	103,257	71,537
Transportation	Cash / Debentures	172,168	74,561	97,607	974,816	481,316	493,500
Total		1,280,400	774,674	505,726	2,083,048	1,181,429	901,619

Cash and cash equivalents

The Group held cash and cash equivalents of B$825,906,000 as at December 31, 2020 (2019: B$1,328,107,000). Most of the cash and cash equivalents, except deposits with AMBD, are held with banks and financial institution counterparties which are rated at least an investment grade.

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.

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

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.

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.

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Liquidity risk (cont'd)

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 is 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.

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
2020								
Non-Derivative Assets								
Cash	41,238	41,238	41,238	-	-	-	-	-
Due from Banks / AMBD	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	-	-
Other Off Balance Sheet Assets	85,697	85,697	50,941	22,211	10,341	2,204	-	-
Total	3,312,335	3,487,600	1,636,589	318,060	322,453	613,593	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)	(483,190)	(313,917)	661,032	(148,357)	(1,150,139)	(273,136)	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	-	-	-

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	-	-	-	-	-
Due from Banks / AMBD	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	-	-
Other Off Balance Sheet Assets	85,697	85,697	50,941	22,211	10,341	2,204	-	-
Total	4,217,192	4,548,492	1,802,201	378,466	437,184	1,008,993	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)	(317,386)	(49,078)	783,394	(141,131)	(1,196,874)	(415,879)	535,577	385,835
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	-	-	-

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
2019								
Non-Derivative Assets								
Cash	38,875	38,875	38,875	-	-	-	-	-
Due from Banks / AMBD	1,640,406	1,648,440	1,423,190	43,224	83,931	73,918	24,177	-
Government Sukuk	75,553	76,010	38,900	7,110	30,000	-	-	-
Investment Securities	80,061	92,218	675	10,968	1,004	36,830	42,436	305
Loans and Advances	1,193,611	1,384,652	168,040	104,196	99,830	480,182	225,932	306,472
Group Balances Receivable	341	341	341	-	-	-	-	-
Other On Balance Sheet Assets	6,984	6,984	73	-	6,537	374	-	-
Other Off Balance Sheet Assets	89,138	89,138	89,138	-	-	-	-	-
Total	3,124,969	3,336,658	1,759,232	165,498	221,302	591,304	292,545	306,777
Non-Derivative Liabilities								
Deposits	2,627,333	2,636,572	960,936	391,524	523,180	737,798	23,134	-
Lease Liabilities	3,139	3,139	249	253	515	1,638	419	65
Other On Balance Sheet Liabilities	63,400	63,400	676	-	-	54,329	-	8,395
Other Off Balance Sheet Liabilities	89,138	89,138	89,138	-	-	-	-	-
Undrawn Credit Lines	704,904	704,904	704,904	-	-	-	-	-
Total	3,487,914	3,497,153	1,755,903	391,777	523,695	793,765	23,553	8,460
Net cash Inflow/(Outflow)	(362,945)	(160,495)	3,329	(226,279)	(302,393)	(202,461)	268,992	298,317
Derivative Financial Instruments								
- Inflow	-	29,696	5,182	23,351	1,163	-	-	-
- Outflow	-	(29,089)	(5,062)	(22,869)	(1,158)	-	-	-
Total	-	607	120	482	5	-	-	-

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
2019								
Non-Derivative Assets								
Cash	42,301	42,301	42,301	-	-	-	-	-
Due from Banks / AMBD	1,696,692	1,704,727	1,479,476	43,224	83,932	73,918	24,177	-
Government Sukuk	75,553	76,010	38,900	7,110	30,000	-	-	-
Investment Securities	80,061	92,218	675	10,968	1,004	36,830	42,436	305
Loans and Advances, as restated	1,979,137	2,365,963	233,808	168,123	220,860	887,975	473,997	381,200
Other On Balance Sheet Assets	35,163	35,163	28,253	-	6,537	373	-	-
Other Off Balance Sheet Assets	89,138	89,138	89,138	-	-	-	-	-
Total	3,998,045	4,405,520	1,912,551	229,425	342,333	999,096	540,610	381,505
Non-Derivative Liabilities								
Deposits	3,324,887	3,411,452	1,069,060	427,015	700,680	1,191,563	23,134	-
Lease Liabilities	5,089	5,089	365	370	754	2,650	885	65
Other On Balance Sheet Liabilities	73,386	73,386	10,663	-	-	54,329	-	8,394
Other Off Balance Sheet Liabilities	89,138	89,138	89,138	-	-	-	-	-
Undrawn Credit Lines	704,904	704,904	704,904	-	-	-	-	-
Total	4,197,404	4,283,969	1,874,130	427,385	701,434	1,248,542	24,019	8,459
Net cash Inflow/(Outflow)	(199,359)	121,551	38,421	(197,960)	(359,101)	(249,446)	516,591	373,046
Derivative Financial Instruments								
- Inflow	-	29,696	5,182	23,351	1,163	-	-	-
- Outflow	-	(29,089)	(5,062)	(22,869)	(1,158)	-	-	-
Total	-	607	120	482	5	-	-	-

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.

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

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 to 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 and it is 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 earlier of repricing or maturity dates is as follows:

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Market risk (cont'd)

			Interest Bearing					
Bank	**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**
2020								
Financial Assets								
Cash	**41,238**	41,238	-	-	-	-	-	-
Due from Banks / AMBD	**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**	**-**
2019								
Financial Assets								
Cash	38,875	38,875	-	-	-	-	-	-
Due from Banks / AMBD	1,640,406	201,748	1,219,766	42,945	82,726	71,107	22,114	-
Derivative Assets	596	596	-	-	-	-	-	-
Government Sukuk	75,553	-	38,814	7,058	29,681	-	-	-
Investment Securities	80,061	-	-	10,375	-	34,489	34,892	305
Loans and Advances	1,193,611	-	151,560	91,524	79,697	420,274	189,265	261,291
Group Balances Receivable	341	341	-	-	-	-	-	-
Other Assets	6,984	6,984	-	-	-	-	-	-
Total	3,036,427	248,544	1,410,140	151,902	192,104	525,870	246,271	261,596
Financial Liabilities								
Deposits	2,627,333	810,316	769,792	321,444	314,022	390,098	21,661	-
Derivative Liabilities	36	36	-	-	-	-	-	-
Lease Liabilities	3,139	-	249	253	515	1,638	419	65
Other Liabilities	63,400	63,400	-	-	-	-	-	-
Total	2,693,908	873,752	770,041	321,697	314,537	391,736	22,080	65

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
2020								
Financial Assets								
Cash	**43,505**	43,505	-	-	-	-	-	-
Due from Banks / AMBD	**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	**37,889**	37,889	-	-	-	-	-	-
Total	**4,131,972**	**341,865**	**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**	**-**
2019								
Financial Assets								
Cash	42,301	42,301	-	-	-	-	-	-
Due from Banks / AMBD	1,696,692	258,033	1,219,766	42,945	82,726	71,106	22,116	-
Derivative Assets	596	596	-	-	-	-	-	-
Government Sukuk	75,553	-	38,814	7,058	29,681	-	-	-
Investment Securities	80,061	-	-	10,375	-	34,489	34,892	305
Loans and Advances, as restated	1,979,137	-	201,096	140,003	183,848	750,658	381,067	322,465
Other Assets	35,163	35,163	-	-	-	-	-	-
Total	3,909,503	336,093	1,459,676	200,381	296,255	856,253	438,075	322,770
Financial Liabilities								
Deposits	3,324,887	744,232	842,533	360,080	481,134	875,247	21,661	-
Derivative Liabilities	36	36	-	-	-	-	-	-
Lease Liabilities	5,089	-	365	370	754	2,650	885	65
Other Liabilities	73,386	73,386	-	-	-	-	-	-
Total	3,403,398	817,654	842,898	360,450	481,888	877,897	22,546	65

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, 2020 would increase/(decrease) by:

	Bank		Group	
	+0.10% B$'000	-0.10% B$'000	+0.10% B$'000	-0.10% B$'000
As at December 31, 2020	223	(223)	(668)	668
As at December 31, 2019	301	(301)	(514)	514

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 for 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.

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Market risk (cont'd)

Bank and Group	USD B$'000	GBP B$'000	AUD B$'000	Others B$'000
2020				
Financial Assets				
Cash	12,816	1,609	4,518	17,457
Due from Banks / AMBD	-	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)**
2019				
Financial Assets				
Cash	588	270	202	1,496
Due from Banks / AMBD	24,493	16,058	50,941	27,496
Derivative Assets	327	-	-	256
Investment Securities	305	-	-	-
Loans and Advances	119,563	-	-	(154)
Other Assets	327	-	-	270
Total	145,603	16,328	51,143	29,364
Financial Liabilities				
Deposits	129,764	16,231	51,194	20,011
Derivative Liabilities	-	3	2	18
Others	1,454	3	(1)	22
Total	131,218	16,237	51,195	20,051
Off Balance Sheet Derivative Financial Instruments	(18,949)	762	(112)	(9,667)

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Market 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 and Group	USD +/- 10% B$'000	GBP +/- 10% B$'000	AUD +/- 10% B$'000	Others +/- 10% B$'000
As at December 31, 2020	**(326)**	**30**	**1**	**90**
As at December 31, 2019	(489)	86	(16)	(59)

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 to 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 overall responsible 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.

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

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 2020 B$'000	Fair Value as at 2019 B$'000	Level of the Fair Value Hierarchy	Valuation Technique(s) & Key input(s)
Assets				
Investment Securities:				
– Index Linked Notes	-	10,375	2	Reuters Quote
– Structured Deposits	54,340	4,042	2	Reuters Quote
– Corporate Bonds	-	3	2	Quoted Prices
– Equity	300	305	3	Net Asset Value
Derivative Assets	477	596	2	Reuters Quote
Total	55,117	15,321		
Liabilities				
Deposits from Customers – Structured Deposits	4,142	14,540	2	Reuters Quote or Adjusted Quoted Prices
Derivative liabilities	76	36	2	Reuters Quote
Total	4,218	14,576		

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

4.5 FAIR VALUE MEASUREMENTS (cont'd)

Reconciliation of Level 3 fair value measurements

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	
	2020 B$'000	2019 B$'000
Investment Securities		
Opening balance as at January 1	305	308
Total Gains or Losses included in Statements of Profit or Loss for the year:		
Revaluation during the year	(5)	(3)
Balance as at December 31	300	305

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 AMBD, 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.

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.

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 Group has 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			
	2020		2019	
	Carrying Amount B$'000	Fair Value B$'000	Carrying Amount B$'000	Fair Value B$'000
Financial Assets				
Investments at amortised cost				
- Government Sukuk	79,844	79,844	75,553	75,553
- Investment Securities	522,783	526,397	65,336	65,765
Total	602,627	606,241	140,889	141,318

	Fair Value Hierarchy			
	Level 1 B$'000	Level 2 B$'000	Level 3 B$'000	Total B$'000
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
2019				
Financial Assets				
Investments at amortised cost				
- Government Sukuk	-	75,553	-	75,553
- Investment Securities	65,765	-	-	65,765
Total	65,765	75,553	-	141,318

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.

5 NET INTEREST INCOME

	Bank		Group	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
Interest Income				
Loans and Advances	65,169	72,456	120,300	127,498
Placements with Other Banks	11,903	26,679	11,903	26,679
Investment Securities	2,399	1,399	2,399	1,399
Others	1,496	2,582	1,496	2,582
Government Sukuk	715	938	715	938
Total Interest Income	81,682	104,054	136,813	159,096
Interest Expense				
Deposits and Borrowings	12,261	19,389	15,184	21,702
Net Interest Income	69,421	84,665	121,629	137,394

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's and the Group's included above is an interest income of B$137,802 (2019: B$439,232) and an interest expense of B$58,850 (2019: B$241,604) respectively.

6 OTHER OPERATING INCOME

	Bank		Group	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
Dividend income from a subsidiary	20,869	23,128	-	-
Fees, charges and others	16,874	16,493	20,696	18,586
Realised and Unrealised gains from Foreign Exchange Transactions	7,944	8,460	7,944	8,460
Management fee from a subsidiary	1,800	1,800	-	-
Gains on Disposal of Property, Plant and Equipment	130	47	156	47
Total	47,617	49,928	28,796	27,093

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

	Bank and Group	
	2020 B$'000	2019 B$'000
Investment Securities at Fair Value Through Profit or Loss:		
- Investment Securities	301	(255)
Deposits at Fair Value Through Profit or Loss:		
- Deposits	(48)	(73)
Total	253	(328)

8 PERSONNEL EXPENSES

	Bank		Group	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
Salaries and Wages	20,609	19,341	24,795	23,650
Allowances and Bonuses	6,619	6,139	7,864	7,296
Directors' fees	3,448	3,237	3,646	3,395
Others	3,005	3,585	3,615	4,074
Total	33,681	32,302	39,920	38,415

9 OTHER OVERHEAD EXPENSES

	Bank		Group	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
Promotion				
Advertisement and Publicity	1,940	2,254	2,574	2,582
Operational				
Depreciation of Property, Plant and Equipment	5,885	4,888	6,190	5,198
Repair and Maintenance	3,175	4,466	4,268	5,193
Depreciation of Right-of-use Assets	1,018	1,036	1,528	1,533
Expenses relating to Short-Term Leases	571	701	695	733
Expenses relating to Leases of Low Value Assets	274	274	274	398
Interest Expense on Lease Liabilities	145	195	241	313
Hire of Equipment	-	2	2	3
General Expenses				
Others	14,921	20,909	21,996	27,856
Professional Fees	2,473	1,198	4,493	3,074
Auditors' Fees	208	55	258	108
Loss on Disposal of Property, Plant and Equipment	56	1	56	1
Dealer's Commission and Incentives	-	-	9,489	9,586
Total	30,666	35,979	52,064	56,578

10 INCOME TAX EXPENSE

	Bank		Group	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
Recognised in the Statements of Profit or Loss				
Current Tax Expense				
Current year	5,588	7,860	10,708	13,144
Deferred Tax Expense				
Origination & reversal of temporary differences	-	(1,000)	-	(1,000)
Total Income Tax Expense	5,588	6,860	10,708	12,144
Movement in Provision for Taxation				
Opening balance as at January 1	16,449	18,021	40,085	39,880
Current year provision	5,588	7,860	10,708	13,144
Income tax paid	(6,453)	(9,432)	(11,572)	(12,939)
Closing balance as at December 31	15,584	16,449	39,221	40,085
Reconciliation of Effective Tax Rate at 18.50%				
Profit before income tax	62,432	63,092	69,576	68,670
Income tax using the domestic corporation tax rate	11,550	11,672	12,872	12,704
Tax effect of non-taxable revenue and others	(5,962)	(3,812)	(2,164)	440
Total	5,588	7,860	10,708	13,144

11 CASH AND SHORT TERM FUNDS

	Bank		Group	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
Placements with remaining maturity not exceeding one year	1,000,698	1,316,461	1,000,698	1,316,461
Balances with Banks and Other Financial Institutions	189,021	201,747	197,742	204,953
Money at call and short notice and Interbank	114,655	122,198	114,655	122,198
Cash in hand	41,238	38,875	43,505	42,301
Total	1,345,612	1,679,281	1,356,600	1,685,913

12 BALANCES WITH AMBD

This is maintained as required by the provisions of Section 45 of the Brunei Darussalam Banking Order, 2006 and a directive issued by AMBD in accordance with Section 25(2) of the Finance Companies Act, Cap. 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% (2019: 6%) of the total average deposit liabilities and is maintained under the RTGS account with AMBD.

13 DERIVATIVE FINANCIAL INSTRUMENTS

	Bank and Group		
	Notional B$'000	Assets B$'000	Liabilities B$'000
2020			
Foreign Exchange Contracts	41,820	477	76
2019			
Foreign Exchange Contracts	29,696	596	36

14 GOVERNMENT SUKUK

	Bank and Group	
	2020 B$'000	2019 B$'000
Government Sukuk measured at amortised cost	79,844	75,553

15 INVESTMENT SECURITIES

	Bank and Group	
	2020 B$'000	2019 B$'000
Investment Securities measured at amortised cost	522,783	65,336
Investment Securities mandatorily measured at FVTPL	54,640	14,725
Total	577,423	80,061

16 LOANS AND ADVANCES

	Bank		Group	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000 Restated
By Type:				
Term Loans				
- Other Term Loans	**786,515**	746,257	**786,515**	746,257
- Property Loans	**291,131**	298,432	**291,131**	298,432
- Hire Purchase Receivables	**-**	-	**820,828**	802,647
Cash line / Overdrafts	**153,267**	160,944	**153,267**	160,944
Credit / Charge cards	**35,864**	42,199	**35,864**	42,200
Revolving credit	**18,294**	13,602	**18,294**	13,602
Staff Loans	**3,728**	4,695	**3,728**	4,695
Others	**819**	819	**819**	819
Syndicated Loan	**-**	13,452	**-**	13,452
Gross Loans and Advances	**1,289,618**	1,280,400	**2,110,446**	2,083,048
Less: Loss allowances	**(73,650)**	(86,789)	**(92,959)**	(103,911)
Net Loans and Advances	**1,215,968**	1,193,611	**2,017,487**	1,979,137

On April 1, 2020, the Bank and the Group offered principal payment holidays to its affected customers in eligible business sectors outlined in the AMBD Notice no: BU/N-1/2020/65 and BU/N-1/2020/67 Temporary Regulatory Measures, but only certain customers have taken up the extension of which amounted to a carrying amount of B$29,174,000 and B$33,489,000 at year-end, respectively. The Bank and the Group considers 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$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 RECEIVABLE / PAYABLE

	Bank		Group	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
Due to Subsidiaries	**2,191**	-	**-**	-
Due from Subsidiaries	**-**	341	**-**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

18 INVESTMENTS IN SUBSIDIARIES

Name of Company	Principal Activity	Country of Incorporation	Cost 2020 B$'000	Cost 2019 B$'000	% Holding 2020	% Holding 2019
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 2020 B$'000	Bank 2019 B$'000	Group 2020 B$'000	Group 2019 B$'000
Sundry Debtors and Others	**7,472**	6,584	**8,158**	6,744
Prepayments and Consumables	**1,584**	1,724	**1,648**	1,801
Accounts Receivables	**319**	400	**467**	548
Dealer's Commission and Incentives	**-**	-	**29,264**	27,872
Total	**9,375**	8,708	**39,537**	36,965

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, and with an option to renew the lease after that date.

	Bank 2020 B$'000	Bank 2019 B$'000	Group 2020 B$'000	Group 2019 B$'000
Cost				
As at beginning of the year	**4,095**	4,095	**6,493**	6,493
Additions	**285**	-	**390**	-
As at end of year	**4,380**	4,095	**6,883**	6,493
Accumulated Depreciation				
As at beginning of the year	**1,036**	-	**1,533**	-
Depreciation for the year	**1,018**	1,036	**1,528**	1,533
As at end of the year	**2,054**	1,036	**3,061**	1,533
Carrying Amounts				
As at December 31, 2020	**2,326**	-	**3,822**	-
As at December 31, 2019	-	3,059	-	4,960

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 2020 B$'000	Total 2019 B$'000
Cost								
As at beginning of the year	4,963	33,013	4,321	19,657	1,412	491	**63,857**	49,632
Additions	-	7,066	374	4,090	2,454	669	**14,653**	20,346
Disposals	(1,261)	-	(1,617)	(2,431)	(331)	(258)	**(5,898)**	(6,121)
As at end of year	3,702	40,079	3,078	21,316	3,535	902	**72,612**	63,857
Accumulated Depreciation								
As at beginning of the year	621	2,174	2,735	6,798	596	333	**13,257**	14,498
Depreciation for the year	81	767	627	3,848	430	132	**5,885**	4,888
Disposals	(155)	-	(1,617)	(2,427)	(317)	(212)	**(4,728)**	(6,129)
As at end of the year	547	2,941	1,745	8,219	709	253	**14,414**	13,257
Carrying Amounts								
As at December 31, 2020	**3,155**	**37,138**	**1,333**	**13,097**	**2,826**	**649**	**58,198**	-
As at December 31, 2019	4,342	30,839	1,586	12,859	816	158	-	50,600

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 2020 B$'000	Total 2019 B$'000
Cost								
As at beginning of the year	4,963	33,013	5,346	21,253	2,118	589	**67,282**	52,416
Additions	-	7,066	416	4,612	2,468	745	**15,307**	20,987
Disposals	(1,261)	-	(2,466)	(3,256)	(916)	(318)	**(8,217)**	(6,121)
As at end of the year	3,702	40,079	3,296	22,609	3,670	1,016	**74,372**	67,282
Accumulated Depreciation								
As at beginning of the year	620	2,174	3,651	7,706	1,224	410	**15,785**	16,716
Depreciation for the year	81	767	686	4,039	462	155	**6,190**	5,198
Disposals	(155)	-	(2,466)	(3,253)	(901)	(268)	**(7,043)**	(6,129)
As at end of the year	546	2,941	1,871	8,492	785	297	**14,932**	15,785
Carrying Amounts								
As at December 31, 2020	**3,156**	**37,138**	**1,425**	**14,117**	**2,885**	**719**	**59,440**	-
As at December 31, 2019	4,343	30,839	1,695	13,547	894	179	-	51,497

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

22 DEPOSITS FROM CUSTOMERS

	Bank		Group	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
By type of Deposit				
Demand Deposits	897,659	737,324	905,978	740,341
Fixed Deposits	828,991	1,105,379	915,864	1,183,353
Savings Deposits	692,354	572,826	1,654,704	1,397,303
Total	2,419,004	2,415,529	3,476,546	3,320,997

23 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank		Group	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
Licensed Finance Companies in Brunei Darussalam	325,940	207,914	-	-
Banks and Financial Institutions Abroad	11,870	3,410	11,870	3,410
Licensed Conventional Bank in Brunei Darussalam	186	480	186	480
Total	337,996	211,804	12,056	3,890

24 BORROWINGS

	Bank and Group	
	2020 B$'000	2019 B$'000
By Product		
Call money Borrowing	26,521	-
By Maturity		
Due within One year	26,521	-

25 LEASE LIABILITIES

	Bank		Group	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
Amounts due for settlement within 12 months	1,124	1,017	1,646	1,489
Amounts due for settlement after 12 months	1,321	2,122	2,369	3,600
Total	2,445	3,139	4,015	5,089
Maturity Analysis:				
Not later than 1 year	1,124	1,017	1,646	1,489
Later than 1 year and not later than 5 years	1,321	2,057	2,369	3,535
Later than 5 years	-	65	-	65
Total	2,445	3,139	4,015	5,089

26 OTHER LIABILITIES

	Bank		Group	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
Accrued Expenditure and provisions	**29,150**	29,495	**29,935**	30,047
Others	**25,990**	24,046	**28,088**	26,048
Provision for Bonuses and End of Service Benefits	**16,304**	13,880	**18,566**	16,022
Other Payables	**2,810**	4,374	**7,998**	11,806
Total	**74,254**	71,795	**84,587**	83,923

27 DEFERRED TAXATION

	Bank		Group	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
Balances as at January 1	**7,446**	8,446	**7,493**	8,493
Reversal of temporary differences	**-**	(1,000)	**-**	(1,000)
Balance 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	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
Others	**6,800**	9,206	**6,872**	9,278
Property, Plant and Equipment	**2,690**	2,507	**2,830**	2,647
Loss allowances on Loans and Advances	**(2,044)**	(4,267)	**(2,209)**	(4,432)
Balance as at December 31	**7,446**	7,446	**7,493**	7,493

28 SHARE CAPITAL

	Bank and Group	
	2020	2019
	B$'000	B$'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 have 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 RESERVES

	Bank		Group	
	2020	2019	2020	2019
	B$'000	B$'000	B$'000	B$'000
Balances as at January 1	**129,811**	145,753	**166,051**	178,486
Add: Transfer during the year	**14,211**	14,058	**17,588**	17,565
Less: Transfer to increase Share Capital	**-**	(30,000)	**-**	(30,000)
Balances as at December 31	**144,022**	129,811	**183,639**	166,051

30 OTHER RESERVES

	Note	Bank		Group	
		2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000 Restated
Retained Earnings					
Balances as at January 1, as previously stated		98,596	73,422	164,198	142,237
Prior year adjustment	34	-	-	(9,154)	(9,154)
Balances as at January 1, as restated		98,596	73,422	155,044	133,083
Profit for the financial year		56,844	56,232	58,868	56,526
Less: Transfer during the year					
- Statutory Reserve		(14,211)	(14,058)	(17,588)	(17,565)
- Prudential Reserve for Credit Losses		(1,490)	(23,410)	(1,186)	(23,190)
Prudential Reserve for Credit Losses *		1,490	23,410	1,186	23,190
Dividend paid		(18,750)	(17,000)	(18,750)	(17,000)
Balances as at December 31		122,479	98,596	177,574	155,044
General Reserve					
Opening and closing balance		5,154	5,154	5,154	5,154
Total Other Reserves		127,633	103,750	182,728	160,198

* 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 AMBD 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 incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

	Bank and Group	
	2020 B$'000	2019 B$'000
Contingencies		
Guarantees, Bonds	134,697	132,769
Forward purchase	41,405	29,696
Letters of Credit	41,296	55,302
Acceptances	2,996	4,140
Shipping Guarantees	1,205	487
Sub-Total	221,599	222,394
Commitments		
Undrawn Credit Lines	856,729	704,904
Total Contingencies and Commitments	1,078,328	927,298

32 CASH AND CASH EQUIVALENTS

	Bank		Group	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
Balances and placements with banks and other financial institutions with contractual maturity of less than 3 months	**1,048,913**	1,421,513	**782,401**	1,285,806
Cash in hand	**41,238**	38,875	**43,505**	42,301
Total	**1,090,151**	1,460,388	**825,906**	1,328,107

Changes in liabilities arising from financing activities

The table below details changes in the Bank 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 and the Group's consolidated statement 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, 2019	4,095	54,641	6,493	54,641
Non-cash changes				
Interest Expense on Lease Liabilities	195	-	313	-
Financing cash flows				
Repayment of Lease Liabilities	(1,151)	-	(1,717)	-
Repayment of borrowings	-	(54,641)	-	(54,641)
As at December 31, 2019	3,139	-	5,089	-
Non-cash changes				
Interest Expense on Lease Liabilities	**145**	**-**	**241**	**-**
New leases	**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**

33 RELATED PARTY TRANSACTIONS

The Bank and the Group considers 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 subsidiary companies 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	
	2020	2019
	B$'000	B$'000
STATEMENTS OF FINANCIAL POSITION		
Assets		
Loans and Advances (exclude Credit cards)	508	777
Credit Cards	141	217
Total	649	994
Liabilities		
Deposits	6,488	5,756
Off Balance Sheet items		
Undrawn Facilities	541	448
STATEMENTS OF PROFITS OR LOSS AND OTHER COMPRHENSIVE INCOME		
Income		
Interest Income	39	52
Expenses		
Other Expenses	3,790	4,436
Interest Expenses	84	87
Total	3,874	4,523

33 RELATED PARTY 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	
	2020 B$'000	2019 B$'000	2020 B$'000	2019 B$'000
STATEMENTS OF FINANCIAL POSITION				
Assets				
Loans and Advances (exclude Credit cards)	-	-	134,795	97,175
Credit Cards	-	-	22	77
Other Assets	666	341	-	-
Total	666	341	134,817	97,252
Liabilities				
Deposits	325,940	207,815	266,120	196,584
Other Liabilities	2,203	-	-	-
Total	328,143	207,815	266,120	196,584
Off-Balance sheet items				
Undrawn Facilities	-	-	218,883	54,381
Guarantees	-	-	15,820	419
Contingencies and Other Commitments	-	-	9,000	7,291
Letter of Credit	-	-	195	-
Total	-	-	243,898	62,091
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPRHENSIVE INCOME				
Income				
Interest Income	1,399	-	4,974	4,330
Expenses				
Interest Expenses	1,461	2,908	724	1,124

34 PRIOR YEAR ADJUSTMENT

During the year, the Group underwent a periodic review of its model performance and implementation of their ECL system. As a result of this exercise, the Group were able to assess more accurate and complete data sets concerning the recoveries of previously defaulted hire purchase receivables. These data sets impacted the LGD model for hire purchase receivables as at January 1, 2018 (i.e. the effective date for IFRS 9). This adjustment has been accounted for retrospectively to the opening balances of the earliest prior period shown in these financial statements (i.e. January 1, 2019) and a prior year adjustment has been made as follows:

		Group		
Statement of Financial Position	**Note**	**As previously stated B$'000**	**Effect of prior year adjustment B$'000**	**As restated B$'000**
As at December 31, 2018				
Assets				
Loans and Advances				
Gross Loans and Advances		2,185,293	-	2,185,293
Less: Loss allowances	(a)	(118,058)	(9,154)	(127,212)
Net Loans and Advances		2,067,235	(9,154)	2,058,081
Shareholders' Funds/ Equity				
Other Reserves	(b)	147,391	(9,154)	138,237
As at December 31, 2019				
Assets				
Loans and Advances				
Gross Loans and Advances		2,083,048	-	2,083,048
Less: Loss allowances	(a)	(94,757)	(9,154)	(103,911)
Net Loans and Advances		1,988,291	(9,154)	1,979,137
Shareholders' Funds/ Equity				
Other Reserves	(b)	169,352	(9,154)	160,198

(a) The inclusion of more complete recovery data sets resulted in increasing the Loss Allowance balances for Loans and Advances, which in turn resulted in a decrease of the Loans and Advances balances for the financial year ended December 31, 2018 by B$9,154,000, and,

(b) Decreasing the Retained Earnings as at December 31, 2018 by B$9,154,000.

The effect of the above prior year adjustment to the opening balance of Loss Allowances as at January 1, 2019 and 2020 can be referred to Note 4.4.

The above adjustment has resulted in restatement of capital management as follows:

	Group	
	As previously stated	**As restated**
Capital Ratios		
Core Capital (Tier I) Ratio, %	19.56%	19.24%
Total Capital Ratio, %	20.50%	20.25%