BAIDURI BANK SENDIRIAN BERHAD
(f.k.a BAIDURI BANK BERHAD)
AND
ITS SUBSIDIARIES
(Incorporated in Brunei Darussalam)

REPORT OF THE DIRECTORS
AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023
[ROC No: RC00003275]

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

REPORT OF THE DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

CONTENTS	PAGE(S)

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

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report together with the audited consolidated financial statements of Baiduri Bank Sendirian Berhad (the "Bank") and its subsidiaries (the "Group") for the financial year ended December 31, 2023.

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.

UPDATE OF NAME

On March 25, 2023, the name of the Bank was updated by the Registrar of Companies to reflect the suffix "Sendirian" before the word "Berhad" as the Bank is previously registered as a private limited company under the Brunei Companies Act, Chapter 39 since its incorporation.

RETAINED EARNINGS

	Note	Bank B$'000	Group B$'000
Balance as at January 1, 2023		**176,611**	**236,974**
Profit for the year		90,285	94,573
Transferred to Statutory Reserve from Retained Earnings		(22,571)	(23,945)
Dividend paid		(22,700)	(22,700)
Balance as at December 31, 2023	**29**	**221,625**	**284,902**

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, 2023 are set out in the Statements of Financial Position. These consolidated financial statements were approved by the Board of Directors on March 21, 2024.

DIVIDEND

	2023 B$'000
Dividend declared and paid during the financial year are as follows:	
Final dividend paid in respect of the financial year ended December 31, 2022	22,700

At the forthcoming Annual General Meeting, a final dividend of B$ 30,700,000 in respect of the financial year ended December 31, 2023 will be proposed for shareholders' approval.

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

REPORT OF THE DIRECTORS

DIRECTORS

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

YAM Pengiran Muda Dr Abdul Fattaah
YM Dato Paduka Timothy Ong Teck Mong
YM Hajah Rahayu Binti Dato Paduka Haji Abdul Razak
Pierre Imhof
David Roger Grayson
YM Mohammad Harris bin Brigadier Jeneral (b) DP Hj Ibrahim

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

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

DIRECTORS' INTERESTS IN SHARES AND/OR DEBENTURES

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

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

DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

AUDITORS

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

ON BEHALF OF THE BOARD

DIRECTOR

DIRECTOR

DIRECTOR

Brunei Darussalam
Date: March 21, 2024

Deloitte.

ديلويت دان توچ

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

BAIDURI BANK SENDIRIAN BERHAD
(Incorporated in Brunei Darussalam)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Baiduri Bank Sendirian 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, 2023 and the statements of profit or loss, statements of other comprehensive income, statements of financial position, 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 material accounting policy information, as set out on pages 7 to 106.

In our opinion, the accompanying consolidated financial statements of the Bank and the Group are properly drawn up in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (the "Act"), the Brunei Darussalam Banking Order, 2006 (the "Order") and International Financial Reporting Standards ("IFRSs"), so as to give a true and fair view of the financial position of the Bank and the Group as at December 31, 2023 and of the financial performance, changes in equity and cash flows of the Bank and the Group for the financial year ended on that date.

Basis for Opinion

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

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

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

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

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

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

Responsibilities of Directors for the Consolidated Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and the Group to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act and the Order to be kept by the Bank and by those subsidiary corporations incorporated in Brunei Darussalam 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

LIM CHENG WEI
Public Accountant

Brunei Darussalam
Date: March 21, 2024

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

STATEMENTS OF PROFIT OR LOSS
For the year ended December 31, 2023

	Note	Bank 2023 B$'000	Bank 2022 B$'000	Group 2023 B$'000	Group 2022 B$'000
Income					
Interest Income		**150,759**	102,334	**205,444**	155,798
Interest Expense		**(35,472)**	(13,835)	**(34,290)**	(14,527)
Net Interest Income	5	**115,287**	88,499	**171,154**	141,271
Fee Income		**12,713**	11,640	**13,948**	13,655
Fee Expense		**(1,091)**	(983)	**(1,274)**	(1,432)
Net Fee Income		**11,622**	10,657	**12,674**	12,223
Other Operating Income, Net	6	**39,806**	37,349	**15,739**	16,290
Net Gain / (Loss) from Other Financial Instruments at Fair Value through Profit or Loss	7	**7,969**	(6,332)	**7,969**	(6,332)
Net Other Operating Income		**47,775**	31,017	**23,708**	9,958
Total Operating Income before Impairment Charges and Allowances		**174,684**	130,173	**207,536**	163,452
Less:					
Personnel Expenses	8	**(40,964)**	(34,620)	**(47,555)**	(40,927)
Provision for End of Service Benefits		**(1,100)**	(550)	**(1,388)**	(838)
Other Overhead Expenses	9	**(24,690)**	(22,325)	**(44,088)**	(41,467)
Total Operating Expenses		**(66,754)**	(57,495)	**(93,031)**	(83,232)
Less:					
Impairment Losses for Loans	4.4	**(11,613)**	(8,521)	**(17,123)**	(13,163)
Impairment of Investments / Placements		**(1,232)**	(18)	**(1,232)**	(18)
Loans / Financing Written-off		**(65)**	(22)	**(65)**	(22)
Recoveries of Loans / Financing Written-off		**11,022**	11,803	**20,419**	22,921
Net Impairment Charges and Allowances		**(1,888)**	3,242	**1,999**	9,718
Profit before Taxation		**106,042**	75,920	**116,504**	89,938
Less: Income Tax Expense	10	**(15,757)**	(10,282)	**(21,931)**	(16,647)
Profit after Taxation / Profit for the year		**90,285**	65,638	**94,573**	73,291

The significant accounting policies and the notes from pages 12 to 106 form an integral part of the consolidated financial statements.

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2023

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Profit after Taxation / Profit for the year	**90,285**	65,638	**94,573**	73,291
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	**90,285**	65,638	**94,573**	73,291

The significant accounting policies and the notes from pages 12 to 106 form an integral part of the consolidated financial statements.

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

STATEMENTS OF FINANCIAL POSITION
As at December 31, 2023

	Note	Bank		Group	
		2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
ASSETS					
Cash and Balances with Banks and Other Financial Institutions	11	**1,296,212**	896,769	**1,158,885**	910,309
Balances with BDCB	12	**191,633**	181,520	**238,315**	242,256
Derivative Assets	13	**3,115**	1,054	**3,115**	1,054
Government Sukuk	14	**111,779**	7,988	**111,779**	7,988
Investment Securities	15	**844,944**	1,052,334	**844,944**	1,052,334
Loans and Advances	16	**1,473,836**	1,366,191	**2,346,055**	2,197,585
Group Balances Receivable	17	**110**	-	-	-
Investments in Subsidiaries	18	**47,949**	47,949	-	-
Other Assets	19	**5,967**	6,560	**39,637**	38,745
Right-of-use Assets	20	**3,128**	2,510	**8,392**	3,279
Property, Plant and Equipment	21	**54,623**	54,347	**55,359**	55,175
Total Assets		**4,033,296**	3,617,222	**4,806,481**	4,508,725
LIABILITIES					
Deposits from Customers	22	**3,104,263**	2,748,838	**3,885,588**	3,718,189
Deposits from Banks and Other Financial Institutions	23	**170,132**	223,533	**8,358**	2,409
Derivative Liabilities	13	**160**	237	**160**	237
Borrowings	24	**37,710**	-	**37,710**	-
Lease Liabilities	25	**3,230**	2,569	**8,531**	3,439
Group Balances Payable	17	-	1,585	-	-
Other Liabilities	26	**77,893**	74,188	**89,754**	85,905
Deferred Taxation	27	**7,446**	7,446	**7,493**	7,493
Provision for Taxation	10	**28,046**	21,995	**52,350**	46,389
Total Liabilities		**3,428,880**	3,080,391	**4,089,944**	3,864,061
SHAREHOLDERS' EQUITY					
Share Capital	28	**180,000**	180,000	**180,000**	180,000
Statutory Reserve	29	**197,637**	175,066	**246,481**	222,536
Other Reserves	30	**226,779**	181,765	**290,056**	242,128
Total Shareholders' Funds / Total Equity		**604,416**	536,831	**716,537**	644,664
Total Liabilities and Equity		**4,033,296**	3,617,222	**4,806,481**	4,508,725
Off-Balance Sheet items:					
CONTINGENCIES AND COMMITMENTS	31	**1,415,030**	1,225,345	**1,415,030**	1,225,345

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 106 form an integral part of the consolidated financial statements.

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

STATEMENTS OF CHANGES IN EQUITY
For the year ended December 31, 2023

				Retained Earnings		
Bank	**Share Capital B$'000**	**Statutory Reserve B$'000**	**General Reserve B$'000**	**Retained Earnings B$'000**	**Prudential Reserve for Credit Losses B$'000**	**Total Equity B$'000**
Balance as at January 1, 2022	180,000	158,656	5,154	147,322	61	491,193
Net profit for the year, representing total comprehensive income for the year	-	-	-	65,638	-	65,638
Transfer to:						
- Statutory reserve	-	16,410	-	(16,410)	-	-
- Prudential reserve for credit losses	-	-	-	(12)	12	-
Dividend paid	-	-	-	(20,000)	-	(20,000)
Balance as at December 31, 2022	**180,000**	**175,066**	**5,154**	**176,538**	**73**	**536,831**
Net profit for the year, representing total comprehensive income for the year	-	-	-	**90,285**	-	**90,285**
Transfer to:						
- Statutory reserve	-	**22,571**	-	**(22,571)**	-	-
- Prudential reserve for credit losses	-	-	-	**1**	**(1)**	-
Dividend paid	-	-	-	**(22,700)**	-	**(22,700)**
Balance as at December 31, 2023	**180,000**	**197,637**	**5,154**	**221,553**	**72**	**604,416**

				Retained Earnings		
Group	**Share Capital B$'000**	**Statutory Reserve B$'000**	**General Reserve B$'000**	**Retained Earnings B$'000**	**Prudential Reserve for Credit Losses B$'000**	**Total Equity B$'000**
Balance as at January 1, 2022	180,000	201,940	5,154	203,312	967	591,373
Net profit for the year, representing total comprehensive income for the year	-	-	-	73,291	-	73,291
Transfer to:						
- Statutory reserve	-	20,596	-	(20,596)	-	-
- Prudential reserve for credit losses	-	-	-	(16)	16	-
Dividend paid	-	-	-	(20,000)	-	(20,000)
Balance as at December 31, 2022	**180,000**	**222,536**	**5,154**	**235,991**	**983**	**644,664**
Net profit for the year, representing total comprehensive income for the year	-	-	-	**94,573**	-	**94,573**
Transfer to:						
- Statutory reserve	-	**23,945**	-	**(23,945)**	-	-
- Prudential reserve for credit losses	-	-	-	**(109)**	**109**	-
Dividend paid	-	-	-	**(22,700)**	-	**(22,700)**
Balance as at December 31, 2023	**180,000**	**246,481**	**5,154**	**283,810**	**1,092**	**716,537**

The significant accounting policies and the notes from pages 12 to 106 form an integral part of the consolidated financial statements.

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

STATEMENTS OF CASH FLOWS
For the year ended December 31, 2023

	Note	Bank		Group	
		2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Cash flows generated from / (used in) operating activities					
Profit before taxation:		**106,042**	75,920	**116,504**	89,938
Adjustments for non-cash items:					
Depreciation of Property, Plant and Equipment	21	**5,042**	6,323	**5,267**	6,692
Depreciation of Right-of-use Assets	20	**1,206**	1,185	**1,830**	1,748
Gain on Disposal of Right-of-use Assets	6	-	(9)	**(67)**	(9)
Gain on Disposal of Property, Plant and Equipment	6	**(362)**	(41)	**(362)**	(41)
Loss on Disposal of Property, Plant and Equipment	9	-	197	**4**	197
Net (Gain) / Loss from Other Financial Instruments at Fair Value through Profit or Loss	7	**(7,969)**	6,332	**(7,969)**	6,332
Interest Expense on Lease Liabilities	9	**172**	109	**223**	158
Impairment of Investments / Placements		**1,232**	18	**1,232**	18
Impairment Losses for Loans	4.4	**11,613**	8,521	**17,123**	13,163
Increase / (Decrease) in Accrued Expenditure and Provisions		**3,570**	(930)	**4,122**	(1,094)
Operating profit before change in operating assets and liabilities		120,546	97,625	137,907	117,102
Change in operating assets and liabilities:					
Placements with Banks		**(177,263)**	20,531	**(26,983)**	20,531
Balances with BDCB		**(10,113)**	(29,094)	**3,941**	(23,580)
Derivative Assets		**(2,061)**	(680)	**(2,061)**	(680)
Loans and Advances		**(119,258)**	(120,751)	**(165,593)**	(138,553)
Other Assets		**483**	(2,945)	**(892)**	(1,636)
Deposits from Customers		**355,425**	240,893	**167,399**	105,535
Deposits from Banks and Other Financial Institutions		**(53,401)**	(137,319)	**5,949**	(663)
Derivative Liabilities		**(77)**	232	**(77)**	232
Other Liabilities		**(1,450)**	(6,791)	**(273)**	(8,434)
Cash from operating activities		**112,831**	61,701	**119,317**	69,854
Income Tax Paid		**(9,706)**	(8,230)	**(15,970)**	(14,286)
Net cash from operating activities		**103,125**	53,471	**103,347**	55,568
Cash flows from / (used in) investing activities					
Purchase of Property, Plant and Equipment	21	**(5,897)**	(5,701)	**(6,034)**	(5,814)
Proceeds from Disposal of Property, Plant and Equipment		**941**	1,243	**941**	1,243
Net Investments		**110,336**	(92,791)	**110,336**	(92,791)
Net cash generated from / (used in) investing activities		**105,380**	(97,249)	**105,243**	(97,362)
Cash flows from / (used in) financing activities					
Increase in Borrowings	32	**37,710**	-	**37,710**	-
Repayment of Lease Liabilities	32	**(1,335)**	(1,317)	**(2,007)**	(1,935)
Dividend paid		**(22,700)**	(20,000)	**(22,700)**	(20,000)
Net cash generated from / (used in) financing activities		**13,675**	(21,317)	**13,003**	(21,935)
Net change in cash and cash equivalents		**222,180**	(65,095)	**221,593**	(63,729)
Cash and cash equivalents as at January 1		**632,535**	697,630	**646,076**	709,805
Cash and cash equivalents as at December 31	32	**854,715**	632,535	**867,669**	646,076

The significant accounting policies and the notes from pages 12 to 106 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1 GENERAL

Baiduri Bank Sendirian Berhad (the "Bank"), formerly known as ("f.k.a") "Baiduri Bank Berhad", is incorporated in Negara Brunei Darussalam with its principal place of business and registered office at Baiduri Bank Headquarters, 1 Jalan Gadong, Bandar Seri Begawan BA1511, Negara Brunei Darussalam. The Bank carries on the business of banking and related financial services including dealing in investment securities and e-financial services. The principal activities of the subsidiaries are disclosed in Note 18 to the consolidated financial statements. There have been no significant changes in the nature of these activities during the financial year.

The consolidated financial statements were authorised for issue by the Board of Directors on March 21, 2024.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF FINANCIAL STATEMENTS PREPARATION

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

2.2 BASIS OF CONSOLIDATION

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 BASIS OF CONSOLIDATION (cont'd)

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

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 BASIS OF CONSOLIDATION (cont'd)

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

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

2.3 BASIS OF MEASUREMENT

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

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 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use for assessing impairment of non-financial assets in IAS 36 Impairment of Assets.

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

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

The principal accounting policies adopted are set out below.

2.4 REVENUE RECOGNITION

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

2.4.1 Interest

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

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 REVENUE RECOGNITION (cont'd)

2.4.1 Interest (cont'd)

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

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses ("ECLs")). For financial assets originated or purchased credit-impaired, the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest on financial instruments measured as at fair value through profit or loss is included within the fair value movement during the period, see 'Net (Loss)/Gain from Other Financial Instruments at Fair Value through Profit or Loss'.

2.4.2 Fees and commission

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 REVENUE RECOGNITION (cont'd)

2.4.3 Other operating income, net

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

Management fee
Management fee from the subsidiaries is recognised on accrual basis in which the services are rendered.

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

2.4.4 Net (Loss)/ Gain from other financial instruments at fair value through profit or loss

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

2.5 LEASES

The Group as lessee

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 LEASES (cont'd)

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

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

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

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

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

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

- the lease term has changed or there is a significant event or change in circumstance resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- 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.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 LEASES (cont'd)

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

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

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

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

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

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

2.6 FOREIGN CURRENCIES

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates. The consolidated financial statements of the Group and the Bank are presented in Brunei dollars, which is the functional currency of the Bank and the presentation currency for the consolidated financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 TAXATION

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

2.7.1 Current tax

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

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

2.7.2 Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

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

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 any 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	3 -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.

2.11 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 (Loss)/Gain from Other Financial Instruments at FVTPL 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, if applicable;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss either in 'Other Operating Income', if the asset is held for trading, or in 'Net (Loss)/Gain from Other Financial Instruments at FVTPL' if otherwise held at FVTPL; and
- For equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investments revaluation reserve, if applicable.

(v) Impairment of financial assets

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

- Loans and Advances;
- Government Sukuk;
- Placements;
- 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.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

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

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

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

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

(viii) Definition of default

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

The Group considers the following as constituting 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.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(viii) Definition of default (cont'd)

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

(ix) Significant increase in credit risk

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

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated when the financial instrument was first recognised. In making this assessment, the Group considers both qualitative and quantitative information that is reasonable and supportable including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, 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.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

As a back-stop when an asset is more than 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. However, there may be cases where the Group expects a low correlation of lifetime default risks with the 30 days past due rebuttable presumption indicator.

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

For example, where a principal payment holiday is granted to an entire class of financial instruments, either by the Group or the government, the 'blanket' nature of the principal holiday does not discriminate between borrowers and therefore does not provide relevant information to staging at the individual exposure level.

In determining indicators of 'significant increase in credit risk' ("SICR"), 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 on the public domain, and recent experiences applicable to borrowers of the same demographic profile.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.1 Financial assets (cont'd)

(x) Modification and derecognition of financial assets

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

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

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 paramount 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 'Recoveries of Loan/Financing Written-Off' 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

(i) Classification as debt or equity

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

(ii) Equity instruments

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

2.11.3 Financial liabilities

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

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.3 Financial liabilities (cont'd)

(i) Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument; 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 Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.3 Financial liabilities (cont'd)

(ii) Other financial liabilities

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

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

(iii) Financial guarantee contracts

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

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

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

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

(iv) Derecognition of financial liabilities

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

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 FINANCIAL INSTRUMENTS (cont'd)

2.11.4 Derivative financial instruments

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

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

2.12 EMPLOYEE BENEFITS

2.12.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the periods during which related services are rendered.

The Group contributes to the Tabung Amanah Pekerja ("TAP") and Supplementary Contributory Pension ("SCP") schemes. Effective July 1, 2023, TAP and SCP schemes have ceased and Skim Persaraan Kebangsaan ("SPK") schemes are taken into effect. 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, 2023, the Group adopted all new and revised IFRS Standards, and interpretation of IFRS Standards that are effective from the date and are relevant to its operations. The adoption of these new/revised IFRS Standards does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current period or prior years.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Accounting standards	Summary of the requirements	Possible impact on consolidated financial statements
Amendments to IAS 1 *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*	The amendments to IAS 1 published in January 2020 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 January 1, 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early. The directors of the parent company anticipate that the application of these amendments may have an impact on the Groups consolidated financial statements in future periods.	The Group is still assessing the impact of the application of amendments to IAS 1, however, does not anticipate that such application will have material impact on its consolidated financial statements.

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 7 *Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosure – Supplier Finance Agreements*	The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements: • The terms and conditions of the arrangements • The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements • The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers • Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement • Liquidity risk information The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.	The Group is still assessing the impact of the application of amendments to IAS 7, however, does not anticipate that such application will have 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 16 *Leases – Lease Liability in Sale and Leaseback*	The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate. As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.	The Group is still assessing the impact of the application of amendments to IAS 1, however, does not anticipate that such application will have material impact on its consolidated financial statements.

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 (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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 presented separately below), that the management has made in the process of applying the Group's accounting policies and that have the most significant effect to the amounts recognised in the consolidated financial statements:

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

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. Further information on financial risk management objectives for credit risk are provided in Note 4.4.

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

3.2 KEY SOURCES OF ESTIMÀTION UNCERTAINTY

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

Calculation of loss allowance

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

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

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

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

Fair value measurement and valuation process

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

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES

4.1 CAPITAL MANAGEMENT

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

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

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

The Group has complied with all imposed capital requirements for the financial years ended December 31, 2022 and 2023. Management monitors capital based on "capital funds" as defined under the Brunei Darussalam Banking Order, 2006.

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Capital				
Core Capital (Tier I Capital)	**573,716**	514,131	**685,838**	621,964
Supplementary Capital (Tier II Capital)	**12,065**	10,666	**17,911**	16,732
Less: Investment in Subsidiaries	**(47,949)**	(47,949)	-	-
Total Capital base	**537,832**	476,848	**703,749**	638,696
Risk-weighted amount				
Risk-weighted amount for Credit Risk	**2,074,962**	1,829,347	**2,720,314**	2,513,953
Risk-weighted amount for Operational Risk	**293,249**	252,478	**358,861**	319,290
Risk-weighted amount for Market Risk	**48,722**	3,619	**48,683**	3,567
Total Risk-weighted amount	**2,416,933**	2,085,444	**3,127,858**	2,836,810
Capital Ratios				
Core Capital (Tier I) Ratio, %	**23.74%**	24.65%	**21.93%**	21.92%
Total Capital Ratio, %	**22.25%**	22.87%	**22.50%**	22.51%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

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

4.2 CATEGORIES OF FINANCIAL INSTRUMENTS

	2023			2022		
Bank	**Mandatory At Fair Value Through Profit or Loss B$'000**	**At Amortised Cost B$'000**	**Total Carrying Amount B$'000**	**Mandatory At Fair Value Through Profit or Loss B$'000**	**At Amortised Cost B$'000**	**Total Carrying Amount B$'000**
Financial Assets						
Cash and Balances with Banks and Other Financial Institutions	-	1,296,212	**1,296,212**	-	896,769	896,769
Balance with BDCB	-	191,633	**191,633**	-	181,520	181,520
Derivative Assets	3,115	-	**3,115**	1,054	-	1,054
Government Sukuk	-	111,779	**111,779**	-	7,988	7,988
Investment Securities	142,440	702,504	**844,944**	154,309	898,025	1,052,334
Loans and Advances	-	1,473,836	**1,473,836**	-	1,366,191	1,366,191
Group Balances Receivable	-	110	**110**	-	-	-
Other Assets	-	3,959	**3,959**	-	4,348	4,348
Total Financial Assets	**145,555**	**3,780,033**	**3,925,588**	155,363	3,354,841	3,510,204
Financial Liabilities						
Deposits from Customers	-	3,104,263	**3,104,263**	-	2,748,838	**2,748,838**
Deposits from Banks and Other Financial Institutions	-	170,132	**170,132**	-	223,533	**223,533**
Derivative Liabilities	160	-	**160**	237	-	**237**
Borrowings	-	37,710	**37,710**			
Lease Liabilities	-	3,230	**3,230**	-	2,569	**2,569**
Group Balances Payable	-	-	-	-	1,585	**1,585**
Other Liabilities	-	67,871	**67,871**	-	64,508	**64,508**
Total Financial Liabilities	**160**	**3,383,206**	**3,383,366**	**237**	**3,041,033**	**3,041,270**

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

4.2 CATEGORIES OF FINANCIAL INSTRUMENTS (cont'd)

	2023			2022		
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$'000**	**Total Carrying Amount B$'000**
Financial Assets						
Cash and Balances with Banks and Other Financial Institutions	-	1,158,885	**1,158,885**	-	910,309	**910,309**
Balances with BDCB	-	238,315	**238,315**	-	242,257	**242,257**
Derivative Assets	3,115	-	**3,115**	1,054	-	**1,054**
Government Sukuk	-	111,779	**111,779**	-	7,988	**7,988**
Investment Securities	142,440	702,504	**844,944**	154,309	898,025	**1,052,334**
Loans and Advances	-	2,346,055	**2,346,055**	-	2,197,585	**2,197,585**
Other Assets	-	37,472	**37,472**	-	36,476	**36,476**
Total Financial Assets	**145,555**	**4,595,010**	**4,740,565**	155,363	4,292,640	4,448,003
Financial Liabilities						
Deposits from Customers	-	3,885,588	**3,885,588**	-	3,718,189	3,718,189
Deposits from Banks and Other Financial Institutions	-	8,358	**8,358**	-	2,409	2,409
Derivative Liabilities	160	-	**160**	237	-	237
Borrowings	-	37,710	**37,710**			
Lease Liabilities	-	8,531	**8,531**	-	3,439	3,439
Other Liabilities	-	76,859	**76,859**	-	73,682	73,682
Total Financial Liabilities	**160**	**4,017,046**	**4,017,206**	237	3,797,719	3,797,956

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

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

Bank and Group	Gross amounts of Recognised Financial Assets/ Liabilities B$'000	Gross amounts of recognised Financial Liabilities / Assets set off in the Statements of Financial Position B$'000	Net amounts of Financial Assets presented in the Statements of Financial Position B$'000	Related Amounts not set off in the Statements of Financial Position: Financial Instruments B$'000	Cash Collateral received B$'000	Net amount B$'000
2023						
Type of Financial Asset						
Other Assets:						
Rental income receivable	4	-	4	-	4	-
	4	-	4	-	4	-
Type of Financial Liability						
Other Liabilities:						
Refundable deposits from Tenants	15	-	15	-	4	11
	15	-	15	-	4	11
2022						
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	9	-	9	-	1	8
	9	-	9	-	1	8

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$ 393,000 (2022: B$ 426,000) 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 at amortised cost, 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 statement line item.

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

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

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

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

The tables below set out the credit quality of the Bank and the Group's loan and advances, loan commitments and financial guarantees according to the above classification.

Credit Quality Analysis

Loans and Advances

	December 31, 2023				
Bank	**Stage 1 12-month ECL B$'000**	**Stage 2 Lifetime ECL B$'000**	**Stage 3 Lifetime ECL B$'000**	**POCI B$'000**	**Total B$'000**
Pass	1,424,030	-	-	-	**1,424,030**
Special Mention	-	8,017	-	-	**8,017**
Substandard-Under-Performing	-	2,236	-	-	**2,236**
Substandard-Non-Performing	-	-	72,076	770	**72,846**
Doubtful	-	-	2,466	93	**2,559**
Loss	-	-	5,571	544	**6,115**
Total gross carrying amount	**1,424,030**	**10,253**	**80,113**	**1,407**	**1,515,803**
Loss allowances	**(11,485)**	**(1,620)**	**(28,576)**	**(286)**	**(41,967)**
Net carrying amount	**1,412,545**	**8,633**	**51,537**	**1,121**	**1,473,836**

	December 31, 2022				
Bank	**Stage 1 12-month ECL B$'000**	**Stage 2 Lifetime ECL B$'000**	**Stage 3 Lifetime ECL B$'000**	**POCI B$'000**	**Total B$'000**
Pass	1,296,252	-	-	-	1,296,252
Special Mention	-	54,469	-	-	54,469
Substandard-Under-Performing	-	1,748	-	-	1,748
Substandard-Non-Performing	-	-	45,430	1,062	46,492
Doubtful	-	-	820	-	820
Loss	-	-	14,489	869	15,358
Total gross carrying amount	1,296,252	56,217	60,739	1,931	1,415,139
Loss allowances	(10,074)	(14,783)	(23,935)	(156)	(48,948)
Net carrying amount	1,286,178	41,434	36,804	1,775	1,366,191

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Credit Quality Analysis (cont'd)

Loans and Advances (cont'd)

	December 31, 2023				
Group	**Stage 1 12-month ECL B$'000**	**Stage 2 Lifetime ECL B$'000**	**Stage 3 Lifetime ECL B$'000**	**POCI B$'000**	**Total B$'000**
Pass	2,235,502	-	-	-	**2,235,502**
Special Mention	-	20,138	-	-	**20,138**
Substandard-Under-Performing	-	62,243	-	-	**62,243**
Substandard-Non-Performing	-	-	77,926	770	**78,696**
Doubtful	-	-	3,107	93	**3,200**
Loss	-	-	5,885	544	**6,429**
Total gross carrying amount	**2,235,502**	**82,381**	**86,918**	**1,407**	**2,406,208**
Loss allowances	**(17,331)**	**(11,153)**	**(31,383)**	**(286)**	**(60,153)**
Net carrying amount	**2,218,171**	**71,228**	**55,535**	**1,121**	**2,346,055**

	December 31, 2022				
Group	**Stage 1 12-month ECL B$'000**	**Stage 2 Lifetime ECL B$'000**	**Stage 3 Lifetime ECL B$'000**	**POCI B$'000**	**Total B$'000**
Pass	2,069,484	-	-	-	2,069,484
Special Mention	-	70,265	-	-	70,265
Substandard-Under-Performing	-	57,864	-	-	57,864
Substandard-Non-Performing	-	-	49,136	1,071	50,207
Doubtful	-	-	1,062	-	1,062
Loss	-	-	14,659	869	15,528
Total gross carrying amount	2,069,484	128,129	64,857	1,940	2,264,410
Loss allowances	(16,140)	(24,889)	(25,638)	(158)	(66,825)
Net carrying amount	2,053,344	103,240	39,219	1,782	2,197,585

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Credit Quality Analysis (cont'd)

Loan Commitments

	December 31, 2023				
Bank and Group	**Stage 1 12-month ECL B$'000**	**Stage 2 Lifetime ECL B$'000**	**Stage 3 Lifetime ECL B$'000**	**POCI B$'000**	**Total B$'000**
Pass	697,744	-	-	-	697,744
Special Mention	-	568	-	-	568
Substandard-Under-Performing	-	61	-	-	61
Substandard-Non-Performing	-	-	6,718	43	6,761
Doubtful	-	-	-	-	-
Loss	-	-	-	3	3
Total amount committed	697,744	629	6,718	46	705,137
Loss allowances	(547)	(15)	(277)	(1)	(840)

	December 31, 2022				
Bank and Group	**Stage 1 12-month ECL B$'000**	**Stage 2 Lifetime ECL B$'000**	**Stage 3 Lifetime ECL B$'000**	**POCI B$'000**	**Total B$'000**
Pass	722,205	-	-	-	722,205
Special Mention	-	7,109	-	-	7,109
Substandard-Under-Performing	-	26	-	-	26
Substandard-Non-Performing	-	-	2,174	63	2,237
Doubtful	-	-	-	-	-
Loss	-	-	1	3	4
Total amount committed	722,205	7,135	2,175	66	731,581
Loss allowances	(565)	(26)	(31)	(1)	(623)

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Credit Quality Analysis (cont'd)

Financial Guarantees

	December 31, 2023				
Bank and Group	**Stage 1 12-month ECL B$'000**	**Stage 2 Lifetime ECL B$'000**	**Stage 3 Lifetime ECL B$'000**	**POCI B$'000**	**Total B$'000**
Pass	16,151	-	-	-	**16,151**
Special Mention	-	-	-	-	-
Substandard-Under-Performing	-	-	-	-	-
Substandard-Non-Performing	-	-	14	-	**14**
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total amount guaranteed	**16,151**	-	**14**	-	**16,165**
Loss allowances	**(33)**	-	**(7)**	-	**(40)**

	December 31, 2022				
Bank and Group	**Stage 1 12-month ECL B$'000**	**Stage 2 Lifetime ECL B$'000**	**Stage 3 Lifetime ECL B$'000**	**POCI B$'000**	**Total B$'000**
Pass	16,574	-	-	-	16,574
Special Mention	-	172	-	-	172
Substandard-Under-Performing	-	-	-	-	-
Substandard-Non-Performing	-	-	14	-	14
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total amount guaranteed	16,574	172	14	-	16,760
Loss allowances	(27)	(6)	(7)	-	(40)

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	
	2023	2022	2023	2022	2023	2022
Bank	**B$'000**	**B$'000**	**B$'000**	**B$'000**	**B$'000**	**B$'000**
Agriculture	**4,967**	6,512	**5,135**	5,141	**10,102**	11,653
Constructions and Property Financing	**643,170**	519,624	**166,960**	113,641	**810,130**	633,265
Financial	**115**	45	**201,282**	117,486	**201,397**	117,531
Infrastructure	**83,093**	52,787	**16,662**	28,982	**99,755**	81,769
Manufacturing	**214,491**	194,529	**110,839**	104,652	**325,330**	299,181
Personal and Consumption Loans	**170,673**	168,418	**2,664**	6,579	**173,337**	174,997
Services	**197,793**	230,325	**230,620**	240,638	**428,413**	470,963
Telecommunication and Information Technology	**22,395**	24,755	**120,013**	92,026	**142,408**	116,781
Tourism	**18,596**	20,802	**8,210**	7,994	**26,806**	28,796
Traders	**145,141**	152,002	**176,233**	208,112	**321,374**	360,114
Transportation	**15,369**	45,340	**221,870**	202,800	**237,239**	248,140
Total	**1,515,803**	1,415,139	**1,260,488**	1,128,051	**2,776,291**	2,543,190

	Loans and Advances		Contingencies and Other Commitments		Total	
	2023	2022	2023	2022	2023	2022
Group	**B$'000**	**B$'000**	**B$'000**	**B$'000**	**B$'000**	**B$'000**
Agriculture	**4,967**	6,512	**5,135**	5,141	**10,102**	11,653
Constructions and Property Financing	**643,170**	519,624	**166,960**	113,641	**810,130**	633,265
Financial	**115**	45	**201,282**	117,486	**201,397**	117,531
Infrastructure	**83,093**	52,787	**16,662**	28,982	**99,755**	81,769
Manufacturing	**214,491**	194,529	**110,839**	104,652	**325,330**	299,181
Personal and Consumption Loans	**170,673**	168,418	**2,664**	6,579	**173,337**	174,997
Services	**197,793**	230,325	**230,620**	240,638	**428,413**	470,963
Telecommunication and Information Technology	**22,395**	24,755	**120,013**	92,026	**142,408**	116,781
Tourism	**18,596**	20,802	**8,210**	7,994	**26,806**	28,796
Traders	**145,141**	152,002	**176,233**	208,112	**321,374**	360,114
Transportation	**905,774**	894,611	**221,870**	202,800	**1,127,644**	1,097,411
Total	**2,406,208**	2,264,410	**1,260,488**	1,128,051	**3,666,696**	3,392,461

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	
	2023	2022	2023	2022
Bank	**B$'000**	**B$'000**	**B$'000**	**B$'000**
Agriculture	**10,102**	11,653	**-**	-
Constructions and Property Financing	**810,130**	633,265	**52,940**	37,666
Financial	**201,397**	117,531	**-**	-
Infrastructure	**99,755**	81,769	**-**	-
Manufacturing	**325,330**	299,181	**-**	-
Personal and Consumption Loans	**173,337**	174,997	**1,440**	3,593
Services	**428,413**	470,963	**12,945**	9,900
Telecommunication and Information Technology	**142,408**	116,781	**285**	255
Tourism	**26,806**	28,796	**11,516**	2,040
Traders	**321,374**	360,114	**2,394**	9,216
Transportation	**237,239**	248,140	**-**	-
Total	**2,776,291**	2,543,190	**81,520**	62,670

	Total Credit Exposure		Non-Performing Loans	
	2023	2022	2023	2022
Group	**B$'000**	**B$'000**	**B$'000**	**B$'000**
Agriculture	**10,102**	11,653	**-**	-
Constructions and Property Financing	**810,130**	633,265	**52,940**	37,666
Financial	**201,397**	117,531	**-**	-
Infrastructure	**99,755**	81,769	**-**	-
Manufacturing	**325,330**	299,181	**-**	-
Personal and Consumption Loans	**173,337**	174,997	**1,440**	3,593
Services	**428,413**	470,963	**12,945**	9,900
Telecommunication and Information Technology	**142,408**	116,781	**285**	255
Tourism	**26,806**	28,796	**11,516**	2,040
Traders	**321,374**	360,114	**2,394**	9,216
Transportation	**1,127,644**	1,097,411	**6,805**	4,127
Total	**3,666,696**	3,392,461	**88,325**	66,797

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 (cont'd)

Loans and advances

	December 31, 2023				
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 (0-30 days)	1,424,030	8,017	18,016	770	1,450,833
Month-in-arrear 1 (31-60 days)	-	1,814	32,220	-	34,034
Month- in- arrear 2 (61-90 days)	-	422	17,284	-	17,706
Month- in-arrear 3 and above (91 days and above)	-	-	12,593	637	13,230
Total gross carrying amount	**1,424,030**	**10,253**	**80,113**	**1,407**	**1,515,803**
Loss allowances	**(11,485)**	**(1,620)**	**(28,576)**	**(286)**	**(41,967)**
Net carrying amount	**1,412,545**	**8,633**	**51,537**	**1,121**	**1,473,836**

	December 31, 2022				
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 (0-30 days)	1,294,573	44,050	36,194	1,062	1,375,879
Month-in-arrear 1 (31-60 days)	1,510	10,943	563	-	13,016
Month- in- arrear 2 (61-90 days)	169	1,224	484	-	1,877
Month- in-arrear 3 and above (91 days and above)	-	-	23,498	869	24,367
Total gross carrying amount	1,296,252	56,217	60,739	1,931	1,415,139
Loss allowances	(10,074)	(14,783)	(23,935)	(156)	(48,948)
Net carrying amount	1,286,178	41,434	36,804	1,775	1,366,191

	December 31, 2023				
Group	**Stage 1 12-month ECL B$'000**	**Stage 2 Lifetime ECL B$'000**	**Stage 3 Lifetime ECL B$'000**	**POCI B$'000**	**Total B$'000**
Non past due (0-30 days)	2,235,502	18,738	20,670	770	2,275,680
Month-in-arrear 1 (31-60 days)	-	57,502	33,579	-	91,081
Month- in- arrear 2 (61-90 days)	-	6,141	18,180	-	24,321
Month- in-arrear 3 and above (91 days and above)	-	-	14,489	637	15,126
Total gross carrying amount	**2,235,502**	**82,381**	**86,918**	**1,407**	**2,406,208**
Loss allowances	**(17,331)**	**(11,153)**	**(31,383)**	**(286)**	**(60,153)**
Net carrying amount	**2,218,171**	**71,228**	**55,535**	**1,121**	**2,346,055**

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 (cont'd)

Loans and advances (cont'd)

Group	December 31, 2022 Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Non past due (0-30 days)	2,067,805	56,918	38,272	1,062	2,164,057
Month-in-arrear 1 (31-60 days)	1,510	65,277	1,446	9	68,242
Month-in-arrear 2 (61-90 days)	169	5,934	604	-	6,707
Month-in-arrear 3 and above (91 days and above)	-	-	24,535	869	25,404
Total gross carrying amount	2,069,484	128,129	64,857	1,940	2,264,410
Loss allowances	(16,140)	(24,889)	(25,638)	(158)	(66,825)
Net carrying amount	2,053,344	103,240	39,219	1,782	2,197,585

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

	Bank 2023 B$'000	Bank 2022 B$'000	Group 2023 B$'000	Group 2022 B$'000
Loans and Advances	**41,967**	48,948	**60,153**	66,825
Loan Commitments	**840**	623	**840**	623
Financial Guarantee Contracts	**40**	40	**40**	40
Total	**42,847**	49,611	**61,033**	67,488

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

	Bank 2023 B$'000	Bank 2022 B$'000	Group 2023 B$'000	Group 2022 B$'000
Loans and Advances	**11,396**	8,859	**16,906**	13,501
Loan Commitments	**217**	(336)	**217**	(336)
Financial Guarantee Contracts	-	(2)	-	(2)
Total	**11,613**	8,521	**17,123**	13,163

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 (cont'd)

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

Loans and Advances

Bank	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000	POCI B$'000	Total B$'000
Gross carrying amount as at January 1, 2023	**1,296,252**	**56,217**	**60,739**	**1,931**	**1,415,139**
Changes in the gross carrying amount					
- Transfer to stage 1	9,692	(7,424)	(2,268)	-	-
- Transfer to stage 2	(3,148)	3,280	(132)	-	-
- Transfer to stage 3	(1,079)	(22,503)	23,582	-	-
- Decrease during the year	(120,864)	(1,623)	(1,777)	(249)	**(124,513)**
- Change due to modifications that did not result in derecognition	-	(4,252)	15,585	(4)	**11,329**
New financial assets originated or purchased	610,473	3,753	9,802	-	**624,028**
Financial assets that have been derecognised	(367,071)	(17,122)	(7,570)	(40)	**(391,803)**
Write-offs	(225)	(73)	(17,848)	(231)	**(18,377)**
Gross carrying amount as at December 31, 2023	**1,424,030**	**10,253**	**80,113**	**1,407**	**1,515,803**
Loss allowances as at December 31, 2023	**(11,485)**	**(1,620)**	**(28,576)**	**(286)**	**(41,967)**

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, 2022	1,187,635	76,798	35,684	3,679	1,303,796
Changes in the gross carrying amount					
- Transfer to stage 1	6,601	(6,165)	(436)	-	-
- Transfer to stage 2	(19,656)	24,953	(5,297)	-	-
- Transfer to stage 3	(2,287)	(14,193)	16,480	-	-
- Decrease during the year	(119,421)	(3,500)	(2,839)	(549)	(126,309)
- Change due to modifications that did not result in derecognition	-	(23,656)	23,729	(5)	68
New financial assets originated or purchased	514,275	12,374	2,542	-	529,191
Financial assets that have been derecognised	(270,856)	(10,368)	(1,583)	(52)	(282,859)
Write-offs	(39)	(26)	(7,541)	(1,142)	(8,748)
Gross carrying amount as at December 31, 2022	1,296,252	56,217	60,739	1,931	1,415,139
Loss allowances as at December 31, 2022	(10,074)	(14,783)	(23,935)	(156)	(48,948)

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 (cont'd)

Loans and Advances (cont'd)

Group	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000	POCI B$'000	Total B$'000
Gross carrying amount as at January 1, 2023	**2,069,484**	**128,129**	**64,857**	**1,940**	**2,264,410**
Changes in the gross carrying amount					
- Transfer to stage 1	35,296	(31,409)	(3,887)	-	-
- Transfer to stage 2	(45,887)	46,611	(724)	-	-
- Transfer to stage 3	(4,238)	(26,618)	30,856	-	-
- (Decrease)/ Increase during the year	(264,034)	(22,140)	698	(254)	**(285,730)**
- Change due to modifications that did not result in derecognition	-	(4,252)	15,426	(3)	**11,171**
- New financial assets originated or purchased	876,889	14,734	10,586	-	**902,209**
Financial assets that have been derecognised	(431,783)	(22,601)	(7,850)	(40)	**(462,274)**
Write-offs	(225)	(73)	(23,044)	(236)	**(23,578)**
Gross carrying amount as at December 31, 2023	**2,235,502**	**82,381**	**86,918**	**1,407**	**2,406,208**
Loss allowances as at December 31, 2023	**(17,331)**	**(11,153)**	**(31,383)**	**(286)**	**(60,153)**

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, 2022	1,957,841	135,651	44,622	3,700	2,141,814
Changes in the gross carrying amount					
- Transfer to stage 1	28,954	(26,869)	(2,085)	-	-
- Transfer to stage 2	(66,760)	74,177	(7,417)	-	-
- Transfer to stage 3	(4,247)	(16,168)	20,415	-	-
- Decrease during the year	(263,592)	(23,232)	(1,381)	(554)	(288,759)
- Change due to modifications that did not result in derecognition	(5)	(23,656)	23,565	(5)	(101)
- New financial assets originated or purchased	748,851	23,537	3,130	-	775,518
Financial assets that have been derecognised	(331,519)	(15,285)	(1,902)	(59)	(348,765)
Write-offs	(39)	(26)	(14,090)	(1,142)	(15,297)
Gross carrying amount as at December 31, 2022	2,069,484	128,129	64,857	1,940	2,264,410
Loss allowances as at December 31, 2022	(16,140)	(24,889)	(25,638)	(158)	(66,825)

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 (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, 2023	722,205	7,135	2,175	66	731,581
Changes in amount committed					
- Transfer to stage 1	193	(193)	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase /(Decrease) during the year	(16,004)	76	53	(20)	**(15,895)**
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	172,041	54	4,560	-	**176,655**
Loan commitments that have been derecognised	(180,691)	(6,443)	(70)	-	**(187,204)**
Total amount committed as at December 31, 2023	**697,744**	**629**	**6,718**	**46**	**705,137**
Loss allowances as at December 31, 2023	**(547)**	**(15)**	**(277)**	**(1)**	**(840)**

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, 2022	682,458	2,165	455	79	685,157
Changes in amount committed					
- Transfer to stage 1	79	(79)	-	-	-
- Transfer to stage 2	(77)	77	-	-	-
- Transfer to stage 3	-	(72)	72	-	-
- Increase/(Decrease) during the year	(6,555)	(139)	1,672	(13)	(5,035)
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	222,199	6,442	-	-	228,641
Loan commitments that have been derecognised	(175,899)	(1,259)	(24)	-	(177,182)
Total amount committed as at December 31, 2022	722,205	7,135	2,175	66	731,581
Loss allowances as at December 31, 2022	(565)	(26)	(31)	(1)	(623)

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 (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, 2023	**16,574**	**172**	**14**	**-**	**16,760**
Changes in amount guaranteed					
- Transfer to stage 1	172	(172)		-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase during the year	30	-	-	-	**30**
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	3,487	-	-	-	**3,487**
Financial guarantees that have been derecognised	(4,112)	-	-	-	**(4,112)**
Write-offs	-	-	-	-	-
Total amount guaranteed as at December 31, 2023	**16,151**	**-**	**14**	**-**	**16,165**
Loss allowances as at December 31, 2023	**(33)**	**-**	**(7)**	**-**	**(40)**

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, 2022	18,290	173	10	-	18,473
Changes in amount guaranteed					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	(14)	-	14	-	-
- Increase/(Decrease) during the year	261	(1)	-	-	260
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	6,648	-	-	-	6,648
Financial guarantees that have been derecognised	(8,611)	-	(10)	-	(8,621)
Write-offs	-	-	-	-	-
Total amount guaranteed as at December 31, 2022	16,574	172	14	-	16,760
Loss allowances as at December 31, 2022	(27)	(6)	(7)	-	(40)

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 (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, 2023	10,074	14,783	23,935	156	48,948
Write-offs	(225)	(73)	(17,847)	(232)	(18,377)
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	3,265	(3,114)	(151)	-	-
- Transfer to stage 2	(132)	162	(30)	-	-
- Transfer to stage 3	(48)	(6,174)	6,222	-	-
- Increase/(Decrease) due to change in credit risk	(3,564)	170	9,665	362	6,633
- Changes to modifications that did not result in derecognition	-	(1,420)	5,303	-	3,883
New financial assets originated or purchased	4,524	877	3,503	-	8,904
Financial assets that have been derecognised	(2,409)	(3,591)	(2,024)	-	(8,024)
Loss allowances as at December 31, 2023	11,485	1,620	28,576	286	41,967

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, 2022	10,473	17,475	19,536	1,350	48,834
Write-offs	(39)	(26)	(7,541)	(1,142)	(8,748)
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	823	(582)	(241)	-	-
- Transfer to stage 2	(155)	2,324	(2,169)	-	-
- Transfer to stage 3	(51)	(2,728)	2,779	-	-
- Increase/(Decrease) due to change in credit risk	(2,385)	4,803	4,278	(49)	6,647
- Changes due to modifications that did not result in derecognition	-	(7,195)	7,263	-	68
New financial assets originated or purchased	3,683	1,194	267	-	5,144
Financial assets that have been derecognised	(2,275)	(482)	(237)	(3)	(2,997)
Loss allowances as at December 31, 2022	10,074	14,783	23,935	156	48,948

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 (cont'd)

Loss allowances – Loans and Advances (cont'd)

Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at January 1, 2023	16,140	24,889	25,638	158	66,825
Write-offs	(225)	(73)	(23,044)	(236)	(23,578)
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	7,121	(6,416)	(705)	-	-
- Transfer to stage 2	(686)	921	(235)	-	-
- Transfer to stage 3	(83)	(6,821)	6,904	-	-
- Increase/(Decrease) due to change in credit risk	(8,167)	1,805	15,748	364	9,750
- Changes due to modifications that did not result in derecognition	-	(1,421)	5,354	-	3,933
New financial assets originated or purchased	6,146	2,495	3,843	-	12,484
Financial assets that have been derecognised	(2,915)	(4,226)	(2,120)	-	(9,261)
Loss allowances as at December 31, 2023	17,331	11,153	31,383	286	60,153

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, 2022	17,066	26,876	23,320	1,356	68,618
Write-offs	(39)	(26)	(14,090)	(1,142)	(15,297)
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	4,547	(3,715)	(832)	-	-
- Transfer to stage 2	(1,053)	3,973	(2,920)	-	-
- Transfer to stage 3	(101)	(3,150)	3,251	-	-
- Increase/(Decrease) due to change in credit risk	(6,775)	6,375	9,502	(51)	9,051
- Changes due to modifications that did not result in derecognition	-	(7,195)	7,263	-	68
New financial assets originated or purchased	5,239	2,925	492	-	8,656
Financial assets that have been derecognised	(2,744)	(1,174)	(348)	(5)	(4,271)
Loss allowances as at December 31, 2022	16,140	24,889	25,638	158	66,825

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)

Non-performing loans and advances (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, 2023	**565**	**26**	**31**	**1**	**623**
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	12	(12)	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase during the year	46	1	1	-	48
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	195	12	247	-	454
Loan commitments that have been derecognised	(271)	(12)	(2)	-	(285)
Loss allowances as at December 31, 2023	**547**	**15**	**277**	**1**	**840**

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, 2022	**917**	**34**	**6**	**2**	**959**
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	-	(3)	3	-	-
- Increase during the year	(59)	(1)	22	(1)	(39)
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	294	12	-	-	306
Loan commitments that have been derecognised	(587)	(16)	-	-	(603)
Loss allowances as at December 31, 2022	565	26	31	1	623

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)

Non-performing loans and advances (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, 2023	27	6	7	-	40
Write-offs	-	-	-	-	-
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in the Loss allowances					
- Transfer to stage 1	6	(6)	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	-	-	-	-	-
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	7	-	-	-	7
Financial guarantees that have been derecognised	(7)	-	-	-	(7)
Loss allowances as at December 31, 2023	33	-	7	-	40

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, 2022	32	7	3	-	42
Write-offs	-	-	-	-	-
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	(2)	(1)	6	-	3
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	11	-	-	-	11
Financial guarantees that have been derecognised	(14)	-	(2)	-	(16)
Loss allowances as at December 31, 2022	27	6	7	-	40

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 Group'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	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Renegotiated loans and advances	**40,844**	25,475	**41,776**	28,316

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.

		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**
2023							
Agriculture	Debenture / Cash	4,967	4,427	540	4,967	4,427	540
Constructions and Property Financing	Mortgage / Property	643,170	475,978	167,192	643,170	475,978	167,192
Financial	Cash	115	76	39	115	76	39
Infrastructure	Cash / Mortgage	83,093	3,765	79,328	83,093	3,765	79,328
Manufacturing	Cash / Debenture	214,491	43,447	171,044	214,491	43,447	171,044
Personal and Consumption Loans	Mortgage / Cash	170,673	36,614	134,059	170,673	36,614	134,059
Services	Cash / Mortgage	197,793	86,389	111,404	197,793	86,389	111,404
Telecommunication and Information Technology	Cash / Debenture	22,395	1,739	20,656	22,395	1,739	20,656
Tourism	Cash / Property	18,596	17,972	624	18,596	17,972	624
Traders	Cash / Property	145,141	93,745	51,396	145,141	93,745	51,396
Transportation	Cash / Debenture	15,369	7,588	7,781	905,774	802,803	102,971
Total		1,515,803	771,740	744,063	2,406,208	1,566,955	839,253

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)

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
2022							
Agriculture	Mortgage / Cash	6,512	5,834	678	6,512	5,834	678
Constructions and Property Financing	Mortgage / Property	519,624	459,309	60,315	519,624	459,309	60,314
Financial	Cash	45	36	9	45	36	9
Infrastructure	Cash / Debenture	52,787	2,173	50,614	52,787	2,173	50,614
Manufacturing	Debenture / Cash	194,529	49,337	145,192	194,529	49,337	145,193
Personal and Consumption Loans	Mortgage / Cash	168,418	36,126	132,292	168,418	36,126	132,292
Services	Cash / Debenture	230,325	80,385	149,940	230,325	80,385	149,940
Telecommunication and Information Technology	Cash / Debenture	24,755	1,823	22,932	24,755	1,823	22,932
Tourism	Cash / Property	20,802	20,367	435	20,802	20,367	435
Traders	Cash / Property	152,002	94,349	57,653	152,002	94,349	57,653
Transportation	Debenture / Cash	45,340	12,414	32,926	894,611	772,191	122,420
Total		1,415,139	762,153	652,986	2,264,410	1,521,930	742,480

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

The Group held cash and balances with banks and other financial institutions of B$1,158,885,000 (2022: B$910,309,000) and balances with BDCB of B$238,315,000 as at December 31, 2023 (2022: B$242,256,000) which banks, financial institutions and BDCB are high credit ratings assigned by international credit-rating agencies and consider to have low credit risk. The balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Credit risk (cont'd)

Investment securities

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

The Bank and the Group held investment securities of B$844,944 as at December 31, 2023 (2022: B$1,052,334). Majority of the investment securities are held with counterparties with credit ratings of at least an investment grade.

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

Government Sukuk

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

Settlement risk

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

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

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.

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.

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.

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Liquidity risk (cont'd)

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
2023								
Non-Derivative Assets								
Cash	33,866	33,866	33,866	-	-	-	-	-
Balances with Banks, Other Financial Institutions and BDCB	1,453,979	1,465,054	901,179	59,487	205,622	298,221	545	-
Government Sukuk	111,779	112,000	112,000	-	-	-	-	-
Investment Securities	844,944	877,599	188,596	79,595	219,735	310,887	14,445	64,341
Group Balances Receivable	110	110	110	-	-	-	-	-
Loans and Advances	1,473,836	1,669,405	267,016	124,098	130,809	569,195	237,942	340,345
Other On Balance Sheet Assets	3,959	3,959	-	-	3,623	336	-	-
Total	3,922,473	4,161,993	1,502,767	263,180	559,789	1,178,639	252,932	404,686
Non-Derivative Liabilities								
Deposits	3,274,395	3,287,250	1,216,466	463,236	720,263	876,092	11,193	-
Borrowings	37,710	39,856	-	-	39,856	-	-	-
Lease Liabilities	3,230	3,230	187	367	396	1,629	651	-
Other On Balance Sheet Liabilities	67,871	67,871	11,201	-	-	56,670	-	-
Other Off Balance Sheet Liabilities	364,667	364,667	40,430	51,246	43,080	65,294	128,537	36,080
Undrawn Credit Lines	895,822	895,822	-	-	895,822	-	-	-
Total	4,643,695	4,658,696	1,268,284	514,849	1,699,417	999,685	140,381	36,080
Net liquidity gap	(721,222)	(496,703)	234,483	(251,669)	(1,139,628)	178,954	112.551	368,606
Derivative Financial Instruments								
- Inflow	-	157,191	109,799	43,726	3,666	-	-	-
- Outflow	-	(154,542)	(108,174)	(42,745)	(3,623)	-	-	-
Total	-	2,649	1,625	981	43	-	-	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Liquidity risk (cont'd)

Maturity analysis for financial assets and liabilities (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
2023								
Non-Derivative Assets								
Cash	36,658	36,658	36,658	-	-	-	-	-
Balances with Banks, Other Financial Institutions and BDCB	1,360,542	1,379,542	768,815	63,669	214,189	332,324	545	-
Government Sukuk	111,779	112,000	112,000	-	-	-	-	-
Investment Securities	844,944	877,599	188,596	79,595	219,735	310,887	14,445	64,341
Loans and Advances	2,346,055	2,687,018	331,980	186,850	250,919	991,879	501,415	423,975
Other On Balance Sheet Assets	37,472	37,472	33,513	-	3,623	336	-	-
Total	4,737,450	5,130,289	1,471,562	330,114	688,466	1,635,426	516,405	488,316
Non-Derivative Liabilities								
Deposits	3,893,946	3,909,154	1,213,854	530,744	860,975	1,292,388	11,193	-
Borrowings	37,710	39,856	-	-	39,856	-	-	-
Lease Liabilities	8,531	8,494	291	567	642	2,787	1,695	2,512
Other On Balance Sheet Liabilities	76,859	76,859	20,189	-	-	56,670	-	-
Other Off Balance Sheet Liabilities	364,667	364,667	40,430	51,246	43,080	65,294	128,537	36,080
Undrawn Credit Lines	895,822	895,822	-	-	895,822	-	-	-
Total	5,277,535	5,294,852	1,274,764	582,557	1,840,375	1,417,139	141,425	38,592
Net liquidity gap	(540,085)	(164,563)	196,798	(252,443)	(1,151,909)	218,287	374,980	449,724
Derivative Financial Instruments								
- Inflow	-	157,191	109,799	43,726	3,666	-	-	-
- Outflow	-	(154,542)	(108,174)	(42,745)	(3,623)	-	-	-
Total	-	2,649	1,625	981	43	-	-	-

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Liquidity risk (cont'd)

Maturity analysis for financial assets and liabilities (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
2022								
Non-Derivative Assets								
Cash	32,180	32,180	32,180	-	-	-	-	-
Balances with Banks, Other Financial Institutions and BDCB	1,046,109	1,058,309	669,609	43,722	138,657	131,568	74,753	-
Government Sukuk	7,988	8,000	8,000	-	-	-	-	-
Investment Securities	1,052,334	1,083,077	495,775	75,353	131,650	145,147	175,457	59,695
Loans and Advances	1,366,191	1,544,022	259,349	122,450	143,028	504,849	226,418	288,591
Other On Balance Sheet Assets	4,348	4,348	-	-	4,012	336	-	-
Total	3,509,150	3,729,936	1,464,913	241,525	417,347	781,900	476,628	348,286
Non-Derivative Liabilities								
Deposits	2,972,371	2,981,910	1,108,084	395,082	610,524	853,641	14,579	-
Lease Liabilities	2,569	2,569	281	231	352	1,018	687	-
Group Balances Payable	1,585	1,585	1,585	-	-	-	-	-
Other On Balance Sheet Liabilities	65,171	64,508	10,598	-	-	54,573	-	-
Other Off Balance Sheet Liabilities	312,312	312,312	69,698	34,206	78,253	26,748	66,911	36,496
Undrawn Credit Lines	815,738	815,738	-	-	815,738	-	-	-
Total	4,169,746	4,178,622	1,190,246	429,519	1,504,867	935,980	82,177	36,496
Net liquidity gap	(660,596)	(448,686)	274,667	(187,994)	(1,087,520)	(154,080)	394,451	311,790
Derivative Financial Instruments								
- Inflow	-	98,093	64,161	32,716	912	304	-	-
- Outflow	-	(97,294)	(63,803)	(32,274)	(914)	(303)	-	-
Total	-	799	358	442	(2)	1	-	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Liquidity risk (cont'd)

Maturity analysis for financial assets and liabilities (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
2022								
Non-Derivative Assets								
Cash	34,467	34,467	34,467	-	-	-	-	-
Balances with Banks, Other Financial Institutions and BDCB	1,118,098	1,130,299	692,177	49,081	150,563	163,725	74,753	-
Government Sukuk	7,988	8,000	8,000	-	-	-	-	-
Investment Securities	1,052,334	1,083,077	495,775	75,353	131,650	145,147	175,457	59,695
Loans and Advances	2,197,585	2,516,056	322,544	183,812	260,107	909,699	478,278	362,279
Other On Balance Sheet Assets	36,476	36,476	32,128	-	4,012	336	-	-
Total	4,446,948	4,808,375	1,585,091	308,246	546,332	1,218,907	728,488	421,974
Non-Derivative Liabilities								
Deposits	3,720,599	3,733,137	1,128,151	480,396	744,590	1,365,421	14,579	-
Lease Liabilities	3,439	3,439	426	378	611	1,260	764	-
Other On Balance Sheet Liabilities	74,345	73,682	19,772	-	-	54,573	-	-
Other Off Balance Sheet Liabilities	312,312	312,312	69,698	34,206	78,253	26,748	66,911	36,496
Undrawn Credit Lines	815,738	815,738	-	-	815,738	-	-	-
Total	4,926,433	4,938,308	1,218,047	514,980	1,639,192	1,448,002	82,254	36,496
Net liquidity gap	(479,485)	(130,596)	367,044	(206,734)	(1,092,860)	(229,095)	646,234	385,478
Derivative Financial Instruments								
- Inflow	-	98,093	64,161	32,716	912	304	-	-
- Outflow	-	(97,294)	(63,803)	(32,274)	(914)	(303)	-	-
Total	-	799	358	442	(2)	1	-	-

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Liquidity risk (cont'd)

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

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

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

Market risk

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

Management of market risk

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

The EXCO has appointed the ALCO to monitor and control market risk exposures.

Exposure to interest rate risk

The principal risk to which non-trading portfolios are exposed 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)

Bank	Carrying Amount	Non-Interest Bearing	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
2023								
Financial Assets								
Cash	33,866	33,866	-	-	-	-	-	-
Balances with Banks, Other Financial Institutions and BDCB	1,453,979	265,670	746,812	34,109	161,059	246,329	-	-
Derivative Assets	3,115	3,115	-	-	-	-	-	-
Government Sukuk	111,779	-	111,779	-	-	-	-	-
Investment Securities	844,944	-	187,827	78,683	217,030	293,732	12,201	55,471
Loans and Advances	1,473,836	-	278,174	110,256	105,920	499,599	219,652	260,235
Group Balances Receivable	110	110	-	-	-	-	-	-
Other Assets	3,959	3,959	-	-	-	-	-	-
Total	3,925,588	306,720	1,324,592	223,048	484,009	1,039,660	231,853	315,706
Financial Liabilities								
Deposits	3,274,395	1,280,910	913,627	352,124	389,752	329,009	8,973	-
Derivative Liabilities	160	160	-	-	-	-	-	-
Borrowings	37,710	-	-	-	37,710	-	-	-
Lease Liabilities	3,230	-	187	367	396	1,629	651	-
Other Liabilities	67,871	67,871	-	-	-	-	-	-
Total	3,383,366	1,348,941	913,814	352,491	427,858	330,638	9,624	-
2022								
Financial Assets								
Cash	32,180	32,180	-	-	-	-	-	-
Balances with Banks, Other Financial Institutions and BDCB	1,046,109	219,918	561,957	15,716	102,562	74,686	71,270	-
Derivative Assets	1,054	1,054	-	-	-	-	-	-
Government Sukuk	7,988	-	7,988	-	-	-	-	-
Investment Securities	1,052,334	-	494,240	74,128	130,276	139,382	163,934	50,374
Loans and Advances	1,366,191	-	276,346	105,294	123,333	431,810	214,464	214,944
Other Assets	4,348	4,348	-	-	-	-	-	-
Total	3,510,204	257,500	1,340,531	195,138	356,171	645,878	449,668	265,318
Financial Liabilities								
Deposits	2,972,371	1,130,213	841,286	297,624	319,575	369,734	13,939	-
Derivative Liabilities	237	237	-	-	-	-	-	-
Lease Liabilities	2,569	-	281	231	352	1,018	687	-
Group Balances Payable	1,585	1,585	-	-	-	-	-	-
Other Liabilities	65,171	65,171	-	-	-	-	-	-
Total	3,041,933	1,197,206	841,567	297,855	319,927	370,752	14,626	-

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Group	Carrying Amount	Non-Interest Bearing	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
2023								
Financial Assets								
Cash	36,658	36,658	-	-	-	-	-	-
Balances with Banks, Other Financial Institutions and BDCB	1,360,542	322,513	746,812	34,109	161,059	96,049	-	-
Derivative Assets	3,115	3,115	-	-	-	-	-	-
Government Sukuk	111,779	-	111,779	-	-	-	-	-
Investment Securities	844,944	-	187,827	78,683	217,030	293,732	12,201	55,471
Loans and Advances	2,346,055	-	335,344	155,087	217,050	867,442	438,054	333,078
Other Assets	37,472	37,472	-	-	-	-	-	-
Total	4,740,565	399,758	1,381,762	267,879	595,139	1,257,223	450,255	388,549
Financial Liabilities								
Deposits	3,893,946	1,235,187	955,587	419,359	530,876	743,964	8,973	-
Derivative Liabilities	160	160	-	-	-	-	-	-
Borrowings	37,710	-	-	-	37,710	-	-	-
Lease Liabilities	8,531	-	263	514	580	2,545	1,609	3,020
Other Liabilities	76,859	76,859	-	-	-	-	-	-
Total	4,017,206	1,312,206	955,850	419,873	569,166	746,509	10,582	3,020
2022								
Financial Assets								
Cash	34,467	34,467	-	-	-	-	-	-
Balances with Banks, Other Financial Institutions and BDCB	1,118,098	291,907	561,957	15,716	102,562	74,686	71,270	-
Derivative Assets	1,054	1,054	-	-	-	-	-	-
Government Sukuk	7,988	-	7,988	-	-	-	-	-
Investment Securities	1,052,334	-	494,240	74,128	130,276	139,382	163,934	50,374
Loans and Advances	2,197,585	-	330,530	148,603	230,519	784,450	424,348	279,135
Other Assets	36,477	36,477	-	-	-	-	-	-
Total	4,448,003	363,905	1,394,715	238,447	463,357	998,518	659,552	329,509
Financial Liabilities								
Deposits	3,720,599	1,103,246	887,924	382,635	453,052	879,803	13,939	-
Derivative Liabilities	237	237	-	-	-	-	-	-
Lease Liabilities	3,439	-	426	378	611	1,260	764	-
Other Liabilities	74,345	74,345	-	-	-	-	-	-
Total	3,798,620	1,177,828	888,350	383,013	453,663	881,063	14,703	-

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, 2023 and 2022 respectively, 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, 2023	**500**	**(500)**	**341**	**(341)**
As at December 31, 2022	397	(397)	154	(154)

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.

Following the fundamental reform of interest rate benchmarks undertaken globally, the Bank had fully converted all their financial instruments with contractual terms indexed to IBOR ("Interbank Offered Rate") to SOFR ("Secured Overnight Financing Rate") and ESTR (" Euro Short-Term Rate") as of August 31, 2023. The Bank had performed an impact assessment concluding such interest rate reform has minimal impact to the Bank.

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, EUR, 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)

Foreign exchange risk (cont'd)

Bank	USD B$'000	GBP B$'000	EUR B$'000	AUD B$'000	Others B$'000
2023					
Financial Assets					
Cash	12,404	1,931	11,599	1,826	7,886
Balances with Banks, Other Financial Institutions and BDCB	53,853	12,290	-	13,761	4,056
Derivative Assets	3,079	7	28	1	-
Investment Securities	298	-	4,193	15,327	-
Loans and Advances	235,831	-	57,246	-	-
Others	1	-	-	-	-
Total	**305,466**	**14,228**	**73,066**	**30,915**	**11,942**
Financial Liabilities					
Deposits	217,336	13,854	20,521	30,269	7,138
Borrowings	-	-	37,710	-	-
Derivative Liabilities	21	-	32	13	94
Others	421	20	224	(2)	47
Total	**217,778**	**13,874**	**58,487**	**30,280**	**7,279**
Off Balance Sheet Derivative Financial Instruments	**(136,293)**	**(417)**	**(13,903)**	**(689)**	**(3,240)**
2022					
Financial Assets					
Cash	4,618	1,881	5,437	1,337	5,707
Balances with Banks, Other Financial Institutions and BDCB	12,105	13,047	20,658	18,373	4,916
Derivative Assets	1,048	3	-	3	-
Investment Securities	303	-	4,114	16,126	-
Loans and Advances	235,595	-	(16)	-	(32)
Others	930	-	-	-	-
Total	254,599	14,931	30,193	35,839	10,591
Financial Liabilities					
Deposits	170,692	14,667	21,090	35,782	8,915
Derivative Liabilities	-	-	203	-	34
Others	337	-	(31)	(3)	21
Total	171,029	14,667	21,262	35,779	8,970
Off Balance Sheet Derivative Financial Instruments	(86,815)	(320)	(8,880)	-	(1,144)

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Foreign exchange risk **(cont'd)**

Group	USD B$'000	GBP B$'000	EUR B$'000	AUD B$'000	Others B$'000
2023					
Financial Assets					
Cash	12,404	1,931	11,599	1,826	7,886
Balances with Bank, Other Financial Institutions and BCDB	53,857	12,298	-	13,770	4,073
Derivative Assets	3,079	7	28	1	-
Investment Securities	298	-	4,193	15,327	-
Loans and Advances	235,831	-	57,246	-	-
Others	1,241	-	-	133	112
Total	**306,710**	**14,236**	**73,066**	**31,057**	**12,071**
Financial Liabilities					
Deposits	218,555	13,854	20,517	30,406	7,241
Borrowings	-	-	37,710	-	-
Derivative Liabilities	21	-	32	13	94
Others	420	20	224	(2)	47
Total	**218,996**	**13,874**	**58,483**	**30,417**	**7,382**
Off Balance Sheet Derivative Financial Instruments	**(136,293)**	**(417)**	**(13,903)**	**(689)**	**(3,240)**
2022					
Financial Assets					
Cash	4,618	1,881	5,437	1,337	5,707
Balances with Bank, Other Financial Institutions and BCDB	12,105	13,047	20,658	18,373	4,916
Derivative Assets	1,048	3	-	3	-
Investment Securities	303	-	4,114	16,126	-
Loans and Advances	235,595	-	(16)	-	(32)
Others	2,181	-	-	116	141
Total	255,850	14,931	30,193	35,955	10,732
Financial Liabilities					
Deposits	171,894	14,667	21,090	35,895	9,046
Derivative Liabilities	-	-	203	-	34
Others	337	-	(31)	(3)	21
Total	172,231	14,667	21,262	35,892	9,101
Off Balance Sheet Derivative Financial Instruments	(86,815)	(320)	(8,880)	-	(1,144)

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Foreign exchange risk **(cont'd)**

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

Bank	USD +/- 10% B$'000	GBP +/- 10% B$'000	EUR +/- 10% B$'000	AUD +/- 10% B$'000	Others +/- 10% B$'000
As at December 31, 2023	**(4,861)**	**(6)**	**68**	**(5)**	**142**
As at December 31, 2022	(325)	(6)	5	(8)	48

Group	USD +/- 10% B$'000	GBP +/- 10% B$'000	EUR +/- 10% B$'000	AUD +/- 10% B$'000	Others +/- 10% B$'000
As at December 31, 2023	**(4,858)**	**(6)**	**68**	**(5)**	**145**
As at December 31, 2022	(320)	(6)	5	(7)	49

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.

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

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES (cont'd)

Operational risk (cont'd)

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

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

4.5 FAIR VALUE MEASUREMENTS

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

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

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

	Fair Value as at		Level of the Fair Value Hierarchy	Valuation Technique(s) & Key input(s)
	2023	2022		
Bank and Group	**B$'000**	**B$'000**		
Assets				
Investment Securities:				
– Structured Deposits	**142,343**	154,331	2	Reuters Quote
– Equity	**298**	303	3	Net Asset Value
Derivative Assets	**3,115**	1,054	2	Reuters Quote
Total	**145,756**	155,688		
Liabilities				
Derivative liabilities	**160**	237	2	Reuters Quote
Total	**160**	237		

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	
	2023 B$'000	2022 B$'000
Investment Securities		
Opening balance as at January 1	303	305
Total Gains or Losses included in Statements of Profit or Loss for the year:		
Revaluation during the year	(5)	(2)
Balance as at December 31	298	303

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

Fair value of financial instruments

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

Methodologies

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

Financial instruments for which carrying value approximates fair value

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

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 from customers

Deposits from 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 Bank and 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			
	2023		2022	
	Carrying Amount B$'000	Fair Value B$'000	Carrying Amount B$'000	Fair Value B$'000
Financial Assets				
Investments at amortised cost				
- Government Sukuk	**111,779**	**111,779**	7,988	7,988
- Investment Securities	**702,504**	**692,861**	898,025	875,241
Total	**814,283**	**804,640**	906,013	883,229

	Fair Value Hierarchy			
	Level 1 B$'000	Level 2 B$'000	Level 3 B$'000	Total B$'000
2023				
Financial Assets				
Investments at amortised cost				
- Government Sukuk	**-**	**111,799**	**-**	**111,799**
- Investment Securities	**692,861**	**-**	**298**	**693,159**
Total	**692,861**	**111,799**	**298**	**804,958**
2022				
Financial Assets				
Investments at amortised cost				
- Government Sukuk	-	7,988	-	7,988
- Investment Securities	875,241	-	303	875,544
Total	875,241	7,988	303	883,532

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	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Interest Income				
Loans and Advances	**80,468**	69,712	**135,474**	123,176
Placements with Other Banks and Financial Institutions	**42,088**	14,721	**41,766**	14,721
Investment Securities	**25,016**	16,643	**25,017**	16,643
Others	**2,177**	1,172	**2,177**	1,172
Government Sukuk	**1,010**	86	**1,010**	86
Total Interest Income	**150,759**	102,334	**205,444**	155,798
Interest Expense				
Deposits	**35,472**	13,835	**34,290**	14,527
Net Interest Income	**115,287**	88,499	**171,154**	141,271

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$975,555 (2022: B$804,428) and an interest expense of B$NIL (2022: B$153,731) respectively.

6 OTHER OPERATING INCOME, NET

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Dividend income from a subsidiary	**23,723**	20,914	-	-
Realised and Unrealised gains from Foreign Exchange Transactions	**9,713**	9,694	**9,708**	9,690
Fees, Charges and Others - Net	**4,208**	4,845	**5,602**	6,504
Management fee from a subsidiary	**1,800**	1,800	-	-
Gain on Disposal of Investment	-	46	-	46
Gain on Disposal of Property, Plant and Equipment	**362**	41	**362**	41
Gain on Disposal of Right-of-use Assets	-	9	**67**	9
Total	**39,806**	37,349	**15,739**	16,290

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

	Bank and Group	
	2023 B$'000	2022 B$'000
Investment Securities at Fair Value Through Profit or Loss:		
- Investment Securities	**7,969**	(6,332)
Total	**7,969**	(6,332)

8 PERSONNEL EXPENSES

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Salaries and Wages	**23,025**	22,414	**27,014**	26,307
Allowances and Bonuses	**8,754**	5,641	**10,410**	7,303
Directors' Fees	**5,182**	3,813	**5,422**	4,056
Others	**4,003**	2,752	**4,709**	3,261
Total	**40,964**	34,620	**47,555**	40,927

9 OTHER OVERHEAD EXPENSES

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Operational				
Repair and Maintenance	**11,272**	5,971	**12,197**	6,844
Depreciation of Property, Plant and Equipment	**5,042**	6,323	**5,267**	6,692
Depreciation of Right-of-use Assets	**1,206**	1,185	**1,830**	1,748
Expenses relating to Short-Term Leases	**191**	193	**205**	256
Expenses relating to Leases of Low Value Assets	**210**	131	**210**	132
Interest Expense on Lease Liabilities	**172**	109	**223**	158
Promotion				
Advertisement and Publicity	**3,171**	2,363	**3,376**	2,505
General Expenses				
Others	**1,597**	4,025	**8,527**	11,102
Professional Fees including Auditor's Fees	**1,829**	1,828	**2,154**	1,949
Loss on Disposal of Property, Plant and Equipment	**-**	197	**4**	197
Dealer's Commission and Incentives	**-**	-	**10,095**	9,884
Total	**24,690**	22,325	**44,088**	41,467

10 INCOME TAX EXPENSE

The income tax varied from the amount of income tax determined by applying the Brunei Darussalam income tax rate of 18.5% (2022: 18.5%) with the applicable threshold to profit before income tax as a result of the following items:

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Recognised in the Statements of Profit or Loss				
Current Tax Expense				
Current year	**15,757**	10,282	**21,931**	16,647
Movements in Provision for Taxation				
Opening balance as at January 1	**21,995**	19,943	**46,389**	44,028
Current year provision	**15,757**	10,282	**21,931**	16,647
Income tax paid	**(9,706)**	(8,230)	**(15,970)**	(14,286)
Closing balance as at December 31	**28,046**	21,995	**52,350**	46,389
Reconciliation of Effective Tax Rate at 18.5%				
Profit before taxation	**106,042**	75,920	**116,504**	89,938
Income tax using the domestic corporation tax rate	**19,618**	14,045	**21,553**	16,639
Tax effect of non-expenditure and others	**(3,670)**	(3,569)	**682**	396
Tax effect of credit and others	**(163)**	(166)	**(220)**	(304)
Threshold deductions	**(28)**	(28)	**(84)**	(84)
Total	**15,757**	10,282	**21,931**	16,647

11 CASH AND BALANCES WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Placements with remaining maturity not exceeding one year	**610,841**	464,884	**610,841**	464,884
Money at call and short notice and Interbank	**331,139**	215,352	**331,139**	215,352
Balances with Banks and Other Financial Institutions	**224,317**	38,397	**84,198**	49,650
Placements with remaining maturity more than one year	**96,049**	145,956	**96,049**	145,956
Cash in hand	**33,866**	32,180	**36,658**	34,467
Total	**1,296,212**	896,769	**1,158,885**	910,309

12 BALANCES WITH BDCB

At present, the minimum cash reserve requirement is 6% (2022: 6%) of the total average deposit liabilities. This is maintained as required by the provisions of Section 45 of the Brunei Darussalam Banking Order, 2006 and a directive issued by BDCB in accordance with Section 25(2) of the Finance Companies Act, Chapter 89. This is not available for use in the Bank's and its subsidiaries' day to day operations. The MCB held by the Bank is maintained under the RTGS (Real-Time Gross Settlement) account with BDCB.

13 DERIVATIVE FINANCIAL INSTRUMENTS

	Bank and Group		
	Notional B$'000	Assets B$'000	Liabilities B$'000
2023			
Foreign Exchange Contracts	**154,542**	**3,115**	**160**
2022			
Foreign Exchange Contracts	97,294	1,054	237

14 GOVERNMENT SUKUK

	Bank and Group			
	2023		2022	
	B$'000	Maturity date (ranging from)	B$'000	Maturity date
Government Sukuk measured at amortised cost	**111,779**	04/01/2024 – 07/03/2024	7,988	19/01/2023

15 INVESTMENT SECURITIES

	Bank and Group			
	2023		2022	
	B$'000	Maturity date (ranging from)	B$'000	Maturity date (ranging from)
Investment Securities measured at amortised cost	**702,504**	05/01/2024 – 15/09/2031	898,025	06/01/2023 – 15/09/2031
Investment Securities mandatorily measured at FVTPL	**142,440**	29/07/2024 – 10/03/2026	154,309	16/09/2023 – 10/03/2026
Total	**844,944**		1,052,334	

16 LOANS AND ADVANCES

	Bank		Group	
	2023	**2022**	**2023**	**2022**
	B$'000	**B$'000**	**B$'000**	**B$'000**
By Type:				
Term Loans				
- Other Term Loans	**726,417**	718,323	**726,417**	718,323
- Property Loans	**296,607**	288,433	**296,607**	288,433
- Hire Purchase Receivables	**-**	-	**890,405**	849,271
Cash line / Overdrafts	**124,880**	120,035	**124,880**	120,035
Credit / Charge cards	**42,955**	41,936	**42,955**	41,936
Revolving credit	**39,962**	28,007	**39,962**	28,007
Staff Loans	**13,578**	8,541	**13,578**	8,541
Others	**679**	526	**679**	526
Syndicated Loan	**270,725**	209,338	**270,725**	209,338
Gross Loans and Advances	**1,515,803**	1,415,139	**2,406,208**	2,264,410
Less: Loss allowances	**(41,967)**	(48,948)	**(60,153)**	(66,825)
Net Loans and Advances	**1,473,836**	1,366,191	**2,346,055**	2,197,585

This table summarises the loss allowances as of the year end:

	Bank		Group	
	2023	**2022**	**2023**	**2022**
	B$'000	**B$'000**	**B$'000**	**B$'000**
Loans and Advances	**41,967**	48,948	**60,153**	66,825
Loan Commitments	**840**	623	**840**	623
Financial Guarantee Contracts	**40**	40	**40**	40
Total	**42,847**	49,611	**61,033**	67,488

Movement on loss allowances during the financial year can be referred to Note 4.4.

Subsequent recoveries of amounts previously written off are recognised under line item "Recoveries of Loans / Financing Written-off" in Statement of Profit or Loss and amounted to B$11,022,000 (2022: B$11,803,000) for the Bank and B$20,419,000 (2022: B$22,921,000) for the Group during the financial year.

17 GROUP BALANCES RECEIVABLE / (PAYABLE)

	Bank		Group	
	2023	**2022**	**2023**	**2022**
	B$'000	**B$'000**	**B$'000**	**B$'000**
Due from/(to) Subsidiaries	**110**	(1,585)	**-**	-

18 INVESTMENTS IN SUBSIDIARIES

Name of Company	Principal Activity	Country of Incorporation	Cost 2023 B$'000	Cost 2022 B$'000	% Holding 2023	% Holding 2022
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 2023 B$'000	Bank 2022 B$'000	Group 2023 B$'000	Group 2022 B$'000
Sundry, Debtors and Others	**3,623**	4,015	**4,886**	5,353
Prepayments and Consumables	**2,008**	2,212	**2,165**	2,267
Accounts Receivables	**336**	333	**483**	480
Dealer's Commission and Incentives	-	-	**32,103**	30,645
Total	**5,967**	6,560	**39,637**	38,745

20 RIGHT-OF-USE ASSETS

The Bank and the Group leases 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	Group
	B$'000	B$'000
Cost		
As at January 1, 2022	4,173	6,861
Additions	2,392	2,626
Expiration/Termination of lease	(1,784)	(1,935)
Modification of lease	(53)	(53)
As at December 31, 2022	4,728	7,499
Additions	**1,842**	**7,034**
Expiration/Termination of lease	**(1,655)**	**(3,902)**
Modification of lease	**21**	**(269)**
As at December 31, 2023	**4,936**	**10,362**
Accumulated Depreciation		
As at January 1, 2022	2,752	4,342
Depreciation	1,185	1,748
Expiration/Termination of lease	(1,682)	(1,833)
Modification of lease	(37)	(37)
As at December 31, 2022	2,218	4,220
Depreciation	**1,206**	**1,830**
Expiration/Termination of lease	**(1,593)**	**(3,834)**
Modification of lease	**(23)**	**(246)**
As at December 31, 2023	**1,808**	**1,970**
Carrying Amounts		
As at December 31, 2023	**3,128**	**8,392**
As at December 31, 2022	2,510	3,279

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	Work in Progress B$'000	Total B$'000
Cost								
As at January 1, 2022	3,611	41,765	2,808	19,683	3,863	919	888	**73,537**
Additions	454	529	2,413	952	208	73	1,072	**5,701**
Disposals	(1,336)	-	(1,167)	(6,228)	(576)	(81)	-	**(9,388)**
As at December 31, 2022	2,729	42,294	4,054	14,407	3,495	911	1,960	**69,850**
Additions	146	594	1,375	2,137	337	108	1,200	**5,897**
Transfer	-	-	-	266	-	-	(266)	-
Disposals	(353)	(648)	(998)	(795)	(125)	(17)	-	**(2,936)**
As at December 31, 2023	2,522	42,240	4,431	16,015	3,707	1,002	2,894	**72,811**
Accumulated Depreciation								
As at January 1, 2022	606	3,777	1,945	9,317	1,237	287	-	**17,169**
Depreciation	43	860	465	3,891	882	182	-	**6,323**
Disposals	(122)	-	(1,064)	(6,175)	(558)	(70)	-	**(7,989)**
As at December 31, 2022	527	4,637	1,346	7,033	1,561	399	-	**15,503**
Depreciation	41	883	546	2,674	707	191	-	**5,042**
Disposals	(150)	(272)	(998)	(795)	(125)	(17)	-	**(2,357)**
As at December 31, 2023	418	5,248	894	8,912	2,143	573	-	**18,188**
Carrying Amounts								
As at December 31, 2023	**2,104**	**36,992**	**3,537**	**7,103**	**1,564**	**429**	**2,894**	**54,623**
As at December 31, 2022	2,202	37,657	2,708	7,374	1,934	512	1,960	54,347

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

21 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold Land and Buildings B$'000	Leasehold Land and Buildings B$'000	Leasehold Improvements B$'000	Computers B$'000	Equipment / Furniture B$'000	Motor Vehicles B$'000	Work in Progress B$'000	Total B$'000
Cost								
As at January 1, 2022	3,611	41,766	2,998	20,988	3,998	994	888	**75,243**
Additions	454	529	2,485	993	208	73	1,072	**5,814**
Disposals	(1,336)	-	(1,261)	(6,444)	(638)	(81)	-	**(9,760)**
As at December 31, 2022	2,729	42,295	4,222	15,537	3,568	986	1,960	**71,297**
Additions	146	594	1,375	2,274	337	108	1,200	**6,034**
Transfer	-	-	-	266	-	-	(266)	**-**
Disposals	(353)	(648)	(1,053)	(795)	(157)	(17)	-	**(3,023)**
As at December 31, 2023	2,522	42,241	4,544	17,282	3,748	1,077	2,894	**74,308**
Accumulated Depreciation								
As at January 1, 2022	606	3,777	2,082	9,698	1,319	309	-	**17,791**
Depreciation	43	860	504	4,180	907	198	-	**6,692**
Disposals	(122)	-	(1,158)	(6,392)	(619)	(70)	-	**(8,361)**
As at December 31, 2022	527	4,637	1,428	7,486	1,607	437	-	**16,122**
Depreciation	42	883	568	2,849	719	206	-	**5,267**
Disposals	(150)	(273)	(1,053)	(795)	(152)	(17)	-	**(2,440)**
As at December 31, 2023	419	5,247	943	9,540	2,174	626	-	**18,949**
Carrying Amounts								
As at December 31, 2023	**2,103**	**36,994**	**3,601**	**7,742**	**1,574**	**451**	**2,894**	55,359
As at December 31, 2022	2,202	37,658	2,794	8,051	1,961	549	1,960	55,175

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

22 DEPOSITS FROM CUSTOMERS

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
By Type of Deposits				
Fixed Deposits	**1,341,297**	1,107,516	**1,344,104**	1,121,214
Demand Deposits	**1,216,663**	1,089,699	**1,226,746**	1,100,782
Savings Deposits	**546,303**	551,623	**1,314,738**	1,496,193
Total	**3,104,263**	2,748,838	**3,885,588**	3,718,189

23 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Licensed Financial Institutions in Brunei Darussalam	161,986	221,658	212	534
Banks and Financial Institutions Abroad	8,146	1,875	8,146	1,875
Total	170,132	223,533	8,358	2,409

24 BORROWINGS

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
By Product				
Cross Currency Swap	37,710	-	37,710	-
By Maturity				
Due within One Year	37,710	-	37,710	-

The above balance comprise of cross currency swap arrangement with a foreign counterparty that commenced on November 30, 2023 and matures on November 29, 2024, with a floating interest rate against EUR-EURIBOR.

25 LEASE LIABILITIES

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Amounts due for settlement within 12 months	951	863	1,357	1,414
Amounts due for settlement after 12 months	2,279	1,706	7,174	2,025
Total	3,230	2,569	8,531	3,439
Maturity Analysis:				
Not later than 1 year	951	863	1,357	1,414
Later than 1 year and not later than 5 years	2,279	1,706	7,174	2,025
Total	3,230	2,569	8,531	3,439

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

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statements of financial position is 5.5% (2022: 5.5%).

26 OTHER LIABILITIES

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Others	**30,937**	30,994	**32,867**	33,965
Accrued Expenditure and Provisions	**25,882**	25,530	**28,626**	28,051
Provision for Bonuses and End of Service Benefits	**19,696**	16,478	**22,568**	19,021
Other Payables	**1,378**	1,186	**5,693**	4,868
Total	**77,893**	74,188	**89,754**	85,905

27 DEFERRED TAXATION

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Balances as at December 31	**7,446**	7,446	**7,493**	7,493

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

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Property, Plant and Equipment	**7,218**	7,218	**7,358**	7,499
Others	**2,341**	2,341	**2,413**	2,525
Loss allowances on Loans and Advances	**(2,113)**	(2,113)	**(2,278)**	(2,531)
Balance as at December 31	**7,446**	7,446	**7,493**	7,493

28 SHARE CAPITAL

	Bank and Group	
	2023 B$'000	2022 B$'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 RESERVE

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Balances as at January 1	**175,066**	158,656	**222,536**	201,940
Add: Transfer during the year	**22,571**	16,410	**23,945**	20,596
Balances as at December 31	**197,637**	175,066	**246,481**	222,536

30 OTHER RESERVES

	Note	Bank		Group	
		2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Retained Earnings					
Balances as at January 1		**176,611**	147,383	**236,974**	204,279
Profit for the financial year		**90,285**	65,638	**94,573**	73,291
Less: Transfer during the year					
- Statutory Reserve	28	**(22,571)**	(16,410)	**(23,945)**	(20,596)
- Prudential Reserve for Credit Losses		**1**	(12)	**(109)**	(16)
Prudential Reserve for Credit Losses *		**(1)**	12	**109**	16
Dividend paid		**(22,700)**	(20,000)	**(22,700)**	(20,000)
Balances as at December 31		**221,625**	176,611	**284,902**	236,974
General Reserve					
Opening and closing balance		**5,154**	5,154	**5,154**	5,154
Total Other Reserves		**226,779**	181,765	**290,056**	242,128

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

31 CONTINGENCIES AND COMMITMENTS

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

	Bank and Group	
	2023 B$'000	2022 B$'000
Contingencies		
Guarantees, Bonds	**331,519**	240,479
Letters of Credit	**31,250**	64,339
Acceptances	**1,584**	6,488
Shipping Guarantees	**313**	1,007
Sub-Total	**364,666**	312,313
Commitments		
Unutilised Commitments and Undrawn Credit lines	**895,822**	815,738
Derivative Financial Instruments		
Forward Purchase	**154,542**	97,294
Total Contingencies and Commitments	**1,415,030**	1,225,345

32 CASH AND CASH EQUIVALENTS

	Bank		Group	
	2023 B$'000	2022 B$'000	2023 B$'000	2022 B$'000
Balances and Placements with Banks and Other Financial Institutions with Contractual Maturity of less than 3 months	**820,849**	600,355	**831,011**	611,609
Cash in hand (note 11)	**33,866**	32,180	**36,658**	34,467
Total	**854,715**	632,535	**867,669**	646,076

32 CASH AND CASH EQUIVALENTS (cont'd)

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 statements of cash flows as cash flows from financing activities.

	Bank		Group	
	Lease liabilities B$'000	Borrowings B$'000	Lease liabilities B$'000	Borrowings B$'000
As at January 1, 2022	1,512	-	2,717	-
Non-cash changes				
Interest Expense on Lease Liabilities	109	-	158	-
New Leases, Termination and Modification of Leases - net	2,265	-	2,499	-
Financing cash flows				
Repayment of Lease Liabilities	(1,317)	-	(1,935)	-
Repayment of Borrowings	-	-	-	-
As at December 31, 2022	2,569	-	3,439	-
Non-cash changes				
Interest Expense on Lease Liabilities	172	-	223	-
New Leases, Termination and Modification of Leases - net	1,824	-	6,876	-
Financing cash flows				
Repayment of Lease Liabilities	(1,335)	-	(2,007)	-
Drawdown of Borrowings	-	37,710	-	37,710
As at December 31, 2023	**3,230**	**37,710**	**8,531**	**37,710**

33 RELATED PARTIES' 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 subsidiaries and the effect of these on the basis determined between the parties are reflected in these consolidated financial statements.

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

	Bank		Group	
	2023	**2022**	**2023**	**2022**
	B$'000	**B$'000**	**B$'000**	**B$'000**
STATEMENTS OF FINANCIAL POSITION				
Assets				
Loans and Advances (exclude Credit Cards)	**1,056**	779	**1,417**	1,244
Credit Cards	**306**	253	**306**	253
Total	**1,362**	1,032	**1,723**	1,497
Liabilities				
Deposits	**6,922**	6,089	**7,775**	7,512
Off Balance Sheet items				
Undrawn Facilities	**820**	865	**820**	865
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPRHENSIVE INCOME				
Income				
Interest Income	**51**	50	**78**	97
Other Income	**-**	-	**2**	-
Total	**51**	50	**80**	97
Expenses				
Other Expenses	**3,270**	3,515	**3,270**	3,515
Interest Expenses	**102**	65	**104**	68
Total	**3,372**	3,580	**3,374**	3,583

33 RELATED PARTIES' TRANSACTIONS (cont'd)

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

	Bank and Group			
	Subsidiaries		Other Related Companies	
	2023	2022	2023	2022
	B$'000	B$'000	B$'000	B$'000
STATEMENTS OF FINANCIAL POSITION				
Assets				
Placements	**150,280**	-	-	-
Loans and Advances (exclude Credit Cards)	-	-	**57,700**	75,680
Credit Cards	-	-	**47**	43
Other Assets	**1,423**	1,336	-	-
Total	**151,703**	1,336	**57,747**	75,723
Liabilities				
Deposits	**161,774**	221,124	**261,287**	157,409
Other Liabilities	**56**	1,584	-	-
Total	**161,830**	222,708	**261,287**	157,409
Off-Balance sheet items				
Undrawn Facilities	-	-	**176,110**	175,815
Guarantees	-	-	**6,066**	5,636
Contingencies and Other Commitments	-	-	**6,000**	7,172
Letter of Credit	-	-	-	-
Total	-	-	**188,176**	188,623
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPRHENSIVE INCOME				
Income				
Interest Income	**280**	-	**2,263**	3,306
Other Operating Income	**8,337**	1,086	-	-
Total	**8,617**	1,086	**2,263**	3,306
Expenses				
Interest Expense	**2,534**	1,108	**2,698**	650
Other Expenses	-	-	4,179	223

34 CAPITAL COMMITEMENTS

	Bank and Group	
	2023 B$'000	2022 B$'000
Commitments for acquisition on Property, Plant and Equipment	5,147	-

35 RECLASSIFICATION AND COMPARATIVE FIGURES

Certain reclassifications have been made to prior year's consolidated financial statements to enhance comparability with the current year consolidated financial statements.

The Bank and the Group reclassified B$14,947,000 from Other Overhead Expenses to Other Operating Income in the Statements of Profit or Loss and the accompanying notes as at December 31, 2022 to be consistent with the current year's presentation.

	Bank		Group	
	2022 Previously reported B$'000	2022 After reclassification B$'000	2022 Previously reported B$'000	2022 After reclassification B$'000
Statements of Profit or Loss				
Other Operating Income	52,296	37,349	31,237	16,290
Other Overhead Expenses	(37,272)	(22,325)	(56,414)	(41,467)