
2016 ANNUAL REPORT

BAIDURI BANK BHD

LAPORAN TAHUNAN 2016

BAIDURI BANK



2016 ANNUAL REPORT

BAIDURI BANK BHD

VISION & MISSION

VISION

To be the leading banking and financial group in Brunei Darussalam

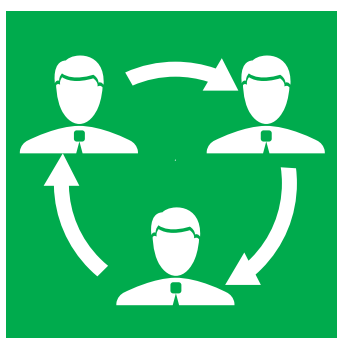


MISSION

As a truly local entity in Brunei Darussalam, the Group is committed to provide innovative and comprehensive financial products and services to the Bruneian community



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“As a leading bank with a strong commitment to the Brunei market, Baiduri Bank will continue to play an active role in the economic growth of the country and its national development programmes in order to meet the goals and objectives of Brunei’s Wawasan 2035.”

YTM Pg Anak Isteri Pg Anak Hajah Zariah
Binti Almarhum Pg Pemancha
Pg Anak Haji Mohamed Alam

Chairperson's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Baiduri Bank Berhad for the financial year ended 31st December 2016.

The Domestic Banking Environment

The local banking industry continues to face challenges in growth despite the generally low loan-to-deposit ratios, primarily due to the slow economy resulting from the prolonged low oil and gas prices.

The establishment of Darussalam Enterprise (DARe) in January 2016, a statutory body that aims to encourage the development of local entrepreneurs in Brunei, is expected to help open up opportunities for local banks to finance MSMEs and help diversify their portfolio.

The announcement in 2016 by an international bank to wind down its operations in Brunei, has helped Baiduri Bank get through this challenging time without as great of an impact as anticipated, due to its dynamic takeover of accounts of the departing bank.

Financial Results

Despite the difficult business environment, Baiduri Bank Group delivered satisfactory results in 2016, thanks to the strong efforts undertaken by its core businesses made up of retail banking, corporate banking and, consumer financing under Baiduri Finance, its 100% owned subsidiary.

Though the Group Gross Revenue and the Group Operating Profit slightly decreased to BND 168.5 million and BND 67.7 million, respectively in 2016, the Group Total Assets recorded a 22% increase from BND 3.34 billion in 2015 to BND 4.1 billion in 2016, mainly attributable to an increase in deposits from new customers. During the same period, Baiduri Bank Group’s Total Equity increased by 6.5% to BND 441 million.

CHAIRPERSON'S STATEMENT

Baiduri Bank performed better in 2016 compared to 2015. Both its Gross Revenue and Operating Profit increased respectively by 9% to BND 129.17 million and BND 63.50 million. Thanks to its prudent risk assessment and management, conservative provisioning, and ability to control costs, Baiduri Bank achieved a net profit after tax of BND 45.1 million, an increase of 6.25% over 2015. Return on Equity remained high at 14%. The Bank's Capital Adequacy Ratio of 18.2% in 2016 was well above the minimum ratio of 10% set by the authorities.

Due to continuing regulatory restrictions on lending, Baiduri Finance recorded a 14.5% decrease in its Gross Revenue to BND 60.0 million. After expenses, Baiduri Finance achieved an Operating Profit of BND 24.5 million. Baiduri Finance still remains the leader in the automobile finance industry with a 66% share in the market, a slight improvement over 2015.

Business Highlights

Corporate Banking

The cut in public sector expenditure has resulted in few new infrastructure and construction projects being awarded by the Government. Most of the current projects financed by the Bank will be completed by the first half of 2017. Tightening of capital and operating expenditure in the Oil and Gas Sector have affected our financing to this sector. In spite of this very challenging environment, we were able to prevent our corporate portfolio from sharply declining, thanks to the takeover of corporate accounts of the departing bank.

Retail Banking

Transfer of accounts from United Overseas Bank Brunei Branch was completed in early 2016 following our purchase of the Retail Banking business of the bank in October the previous year. 2016 also saw the dynamic takeover of mortgage loans from a departing international bank. These have helped our retail loan portfolio to remain at the same level as 2015, despite the prolonged slow economy.

The Business Banking Unit, established in 2015 was aimed to complement our Corporate Banking Division, providing a range of financial products and services specifically designed for small businesses. In 2016, the Unit launched "MerchantSuite", an affordable online payment platform for MSMEs that allows very small businesses to issue invoices and receive



Despite the difficult business environment, Baiduri Bank Group delivered satisfactory results in 2016, thanks to the strong efforts undertaken by its core businesses made up of retail banking, corporate banking and, consumer financing under Baiduri Finance, its 100% owned subsidiary

payments online without the need for a website. Under Card services, we revised our client value proposition for our range of card products, and started work on refreshing selected programmes, with the first of such enhanced programme expected to be launched in early 2017.

Baiduri Finance

In April 2016, the Baiduri MasterCard Auto Direct Prepaid Card was introduced with the aim to provide more convenience to Baiduri Finance hire-purchase customers when making their HP payments via ATM and internet banking. In addition, cardholders can avail of benefits such as discounts at selected Baiduri card merchants and earn bonus points when using the card. Baiduri Finance remains the only finance company in Brunei to be certified to ISO 9001 for Quality Management Systems.

CHAIRPERSON'S STATEMENT

Baiduri Bank Group



Gross Revenue
(BND)
168.5m



Operating Profit
(BND)
67.7m



Total Equity
(BND)
441m



Total Assets
(BND)
4.1bn

Baiduri Bank



Net Profit after Tax
(BND)
45.1m
increased by
6.25%

Baiduri Finance



Gross Revenue
(BND)
60.0m

Operating Profit
(BND)
24.5m



Market share in Automobile Financing
66%



Baiduri Capital

Our subsidiary, Baiduri Capital began operations in June 2015 and has been the first in the Brunei market to offer an online securities trading portal. Initially providing access to SGX (Singapore), HKEx (Hong Kong) and Bursa Malaysia, it introduced access to the US Stock Market and China A Shares in 2016. Bonds and Exchange Traded Funds (ETF) were added to provide customers with more options for their investment portfolio. Unit Trust and investment linked life insurance products, previously offered under Baiduri Bank came under Baiduri Capital in early 2016. The first batch of senior financial planners from Baiduri Bank graduated in early 2016 and were granted a Capital Market Services Representative License (CMSRL) a prerequisite for financial planning and sales of unit trust and investment linked life insurance products.

CHAIRPERSON'S STATEMENT

Baiduri Capital began operations in June 2015 and has been the first in the Brunei market to offer an online securities trading portal

Operational Highlights

ISO 9001:2015 Certification

The Operations Management and Diversification and Strategic Development Division of Baiduri Bank, comprising 7 departments, obtained ISO 9001:2015 Quality Management Systems certification in October 2016. This international standard shall provide a sound basis for its conformance to customer and regulatory requirements and sustainable development initiatives.

Enhanced Baiduri Online Banking

In January 2016, we rolled out Phase 2 of the enhanced version of Baiduri Online Banking to provide greater convenience and improve versatility for users. A new feature is the Vehicle Hire Purchase payment which can now show updates in real time. There is also an option to make payments to multiple payees at one time which makes it especially convenient for customers who process high volumes of payment. Customers can also apply for installment payments on their credit card purchases and standing instructions for credit card payments. As an additional security feature for online fund transfer, a dual factor authentication in the form of a One Time Pin (OTP) sent by SMS to the accountholder was also introduced.

Branch Network Configuration to suit Market Segments

As part of Baiduri Bank's ongoing branch network configuration project which seeks to redesign each branch to suit the market segment and its surrounding area, two branches were relocated in 2016. Our Tutong Branch moved to bigger premises at the Petani Mall while our Kiulap Branch was relocated to Shakirin Complex. Offering full banking services to individuals and businesses, both premises feature modern and contemporary decor to reflect the dynamism and innovative spirit of Baiduri Bank. The upgraded branches are also equipped with complimentary Wi-Fi as well as new ATMs to cater to the growing number of customers transacting electronically.

Enhanced Online Banking



Vehicle Hire Purchase

- Real-time updates, payments to multiple payees, installment payments via credit card purchases



One-Time-Pin (OTP)

- A dual factor authentication sent via SMS for additional security for online fund transfers.

Human Resources

At the end of 2016, Baiduri Bank Group employed a total of 735 staff members. Staff development programmes were intensified with strong emphasis on customer service, product knowledge and technical competency. 162 training programmes comprising in-house, local and overseas training were organized.



735
staff members



162
training programmes

Corporate Social Responsibility

Supporting Local Charities

Baiduri Bank Group continues to support local charities, especially those associated with special needs children. The "Baiduri Masters", an annual golf event organized to raise funds for charity, remains the biggest golfing event in Brunei. In 2016, more than BND 80,000 was raised during the Baiduri Masters. Donations were made to five

CHAIRPERSON'S STATEMENT

Staff development programmes were intensified with strong emphasis on customer service, product knowledge and technical competency.

local charity and welfare bodies.

Helping develop Financial literacy among Bruneians

In support of the Government's efforts to improve financial literacy and encourage savings among the Brunei population, Baiduri Bank has since 2012, been a major supporter and sponsor of the Junior Achievement (JA) programme. Staff members of the Baiduri Bank Group volunteer as facilitators in JA's Company Programme in schools. In addition, personal financial planners from Baiduri Bank regularly conduct financial planning talks in schools as well as in government departments.

Baiduri Bank is also a partner of Asia Inc Forum in providing mentoring and business networking opportunities to local SMEs.

Awards and Recognition

In 2016, Baiduri Bank won four prestigious international banking awards. Global Finance awarded Baiduri Bank, "The World's Best Emerging Markets Bank in Asia-Pacific 2016 for Brunei". The Asian Banking and Finance magazine awarded Baiduri Bank the "Domestic Retail Bank of the Year for Brunei 2016" for the third consecutive year. World Finance magazine awarded Baiduri Bank Group the "Best Banking Group Brunei 2016" for the eighth consecutive year while The Banker magazine awarded Baiduri Bank the "Bank of the Year for Brunei 2016", the 11th time since 2002. Standard & Poor's reaffirmed Baiduri Bank's credit rating of BBB/A-2 with stable outlook in September 2016.

Future Plans

In accordance with our global strategy for growth, we will continue to evolve to meet the needs of our customers. In 2017, we shall continue to focus on three main areas: improving service quality and reliability; increasing professionalism in the workforce

and introducing more products and services.

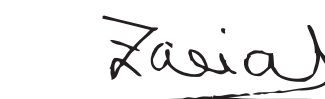
In keeping with shifting trends and to accelerate the Group's contribution towards digital transformation in banking, we intend to leverage on recent Fintech innovations to intensify our digital banking capabilities to give our customers a new level of banking sophistication and experience.

As a leading bank with a strong commitment to the Brunei market, Baiduri Bank will continue to play an active role in the economic growth of the country and its national development programmes in order to meet the goals and objectives of Brunei's Wawasan 2035.

Appreciation

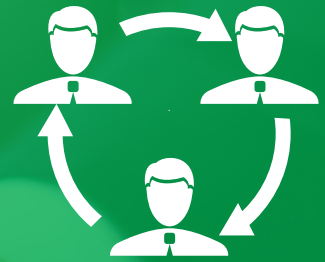
On behalf of the Board of Directors, I would like to express our appreciation to the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam for their support. I also wish to thank our shareholders and our clients for their continued support and confidence.

In conclusion, I wish to record the Board's appreciation of the management and staff for their hard work and much-valued contribution to a successful year.



**YTM Pengiran Anak Isteri Pg Anak Hajah Zariah
Chairperson**

CORPORATE INFORMATION



Corporate Information

- Shareholders
- Board of Directors
- Management Committee
- International Awards and Recognitions
- 2016 Financial Highlights

Another observation is that market extremes in the late stages of a boom often indicate underlying value. Technical positions represent, compared to fundamental or artificial participants, powerful) participants showing but this is observably not, in developing. It may be inferred that irrationality of the market at extreme drive the market as far as they value.

Measuring market penetration and discovering new opportunities. Financial intelligence to determine what products online customers and where to locate stronger forms. Some economists maintain

CORPORATE INFORMATION

SHAREHOLDERS

Baiduri Holdings Bhd
Royal Brunei Airlines Sdn Bhd
Royal Brunei Technical Services Sdn Bhd
BNP Paribas

BOARD OF DIRECTORS



YTM Pg Anak Isteri Pg Anak Hajah Zariah Binti
Almarhum Pg Pemancha Pg Anak Haji Mohamed Alam
Chairperson



YAM Pengiran Muda
Dr. Abdul Fattaah
Board Member



YM Dato Paduka
Timothy Ong Teck Mong
Board Member



Norliah Binti Haji Kula
Board Member



Haji Sofian Bin Jani
Board Member



Francis Gerard Caze
Board Member



Bertie Cheng Shao Shiong
Board Member

CORPORATE INFORMATION

MANAGEMENT COMMITTEE



1

Pierre Imhof
Chief Executive Officer

2

Ti Eng Hui
Deputy Chief Executive Officer

3

Andrew Young Chee Ann
Deputy General Manager, Operations Management
Diversification & Strategic Development

4

Hj Haliluddin Bin Dato Hj Talib
General Manager, Baiduri Finance

5

Yvonne Chan Eng Pheng
Senior Manager, Corporate Banking

6

Pg Azaleen Bin Pg Dato Hj Mustapha
Senior Manager, Retail Banking

7

Veronica Chong Nyet Hwa
Senior Manager, Human Resources & Finance

8

Ak Nor Muhammad Nizam Bin Pg Hj Tengah
Senior Manager, Treasury

CORPORATE INFORMATION

International Awards & Recognitions

In 2016, Baiduri Bank received four major banking awards and recognitions.

Global Finance awarded Baiduri Bank the Best Emerging Markets Bank in Asia-Pacific 2016 for Brunei for the second time; the Asian Banking and Finance magazine awarded Baiduri Bank the Domestic Retail Bank of the Year for Brunei 2016 for the fourth consecutive year; World Finance magazine awarded the Baiduri Bank Group the Best Banking Group for Brunei 2016 for the eighth consecutive year and The Banker magazine awarded Baiduri Bank the coveted Bank of The Year 2016 for Brunei for the eleventh time.

The Bank received a credit rating of 'BBB/A-2' with Stable Outlook from Standard & Poor's in September 2016.

Baiduri Bank's wholly-owned subsidiary, Baiduri Finance, obtained the internationally recognised ISO 9001 quality certification in 2003.



Auditors

KPMG

Corporate Secretarial Provider

Deloitte & Touche Management Services Pte Ltd

Key Awards 2016



- Best Emerging Markets Bank in Asia-Pacific 2016 for Brunei



- Domestic Retail Bank of the Year for Brunei 2016



- Best Banking Group for Brunei 2016



- Bank of The Year 2016 for Brunei

2016 FINANCIAL HIGHLIGHTS

Bank Operating Results

YEAR ENDED DECEMBER 31

(B\$ in thousands, except per share information)

	2016	2015
For the Year - Operating Results		
Revenue ⁽¹⁾	129,170	118,258
Net Income	116,588	107,703
Return on Assets	1.44%	1.78%
Return on Shareholders' Equity	13.87%	14.43%
Shares issued and paid (in thousands)	150,000	150,000

At Year End

Total Assets	3,129	2,382
Total Loans and Advances (net)	1,113	1,148
Total Deposits	2,513	1,707
Total Shareholders' Equity	325	294

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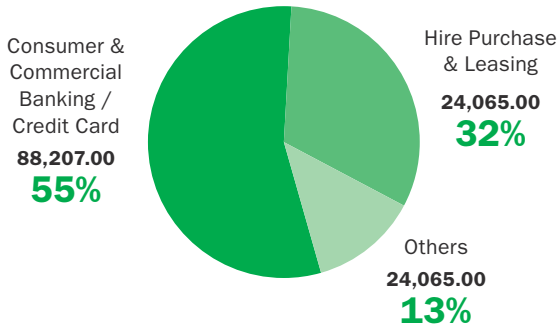
⁽¹⁾ Includes interest and Non interest income excludes interest expenses

Capital Adequacy Ratios (Bank)

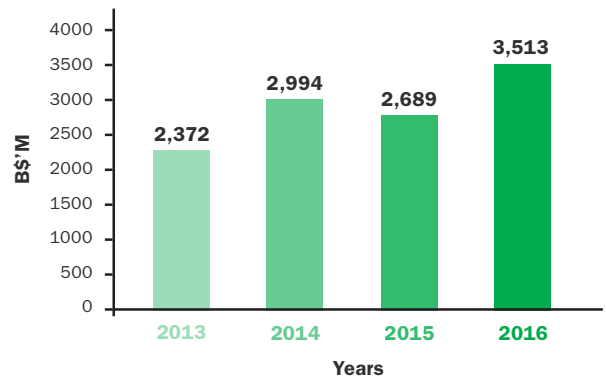
	2016	2015	2014	2013
Tier 1 (Core Capital)	18.62%	18.18%	16.83%	19.46%
Total Capital	18.21%	17.54%	15.89%	18.88%

2016 FINANCIAL HIGHLIGHTS

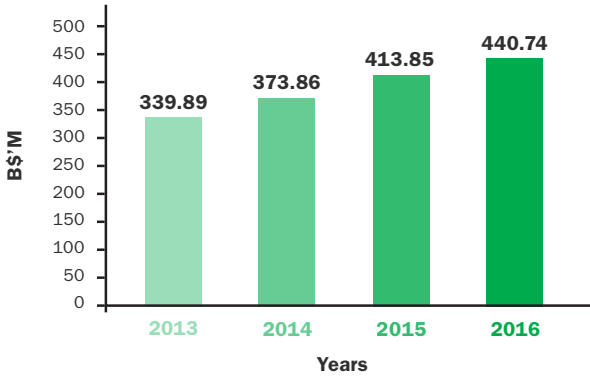
Group Total Revenue (2016)
(\$'000)



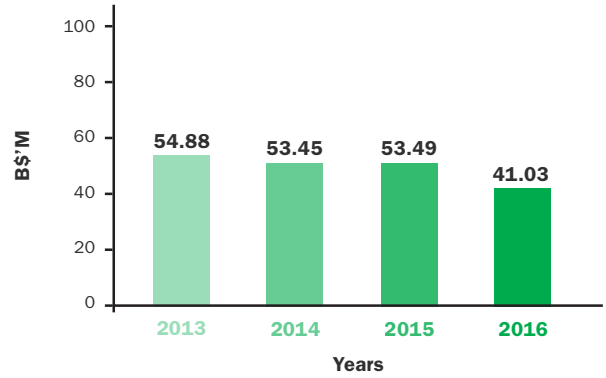
Group Customer Deposits



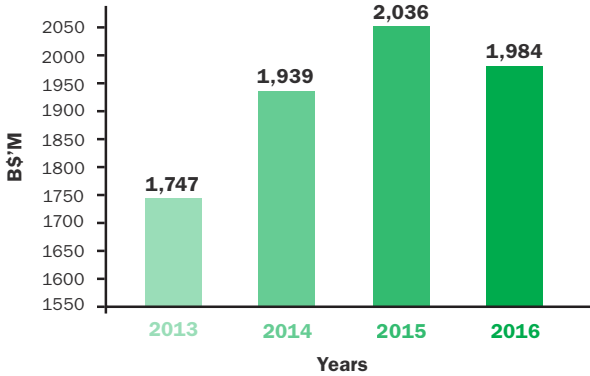
Group Shareholders' Funds



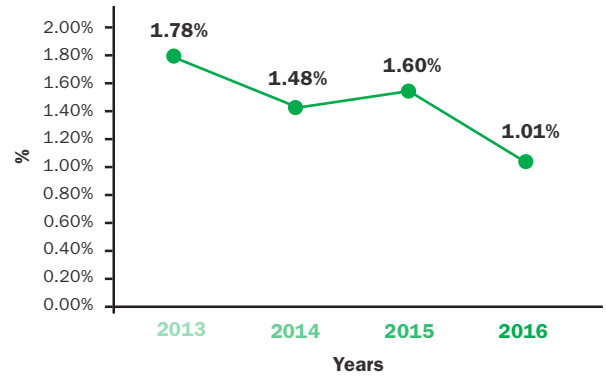
Group Net Profit After Tax



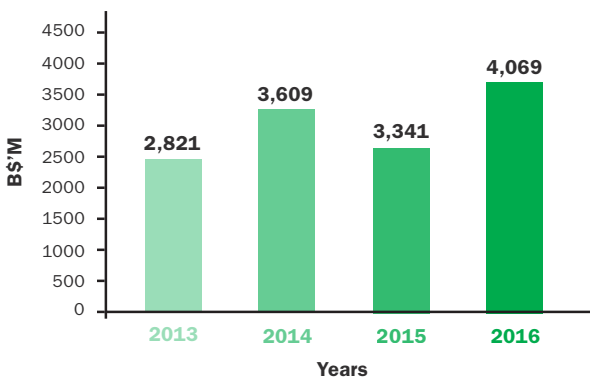
Group Customer Loans (net)



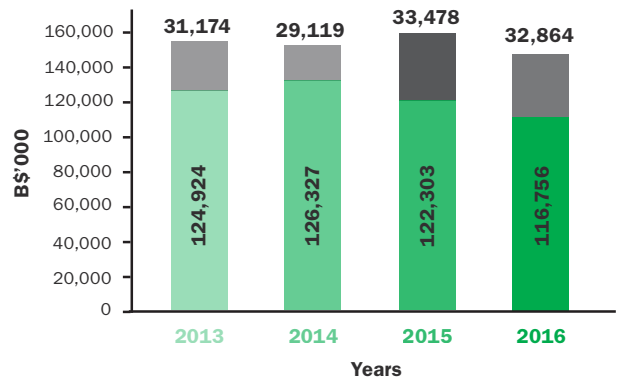
Group Return on Total investments



Group Assets



Group Total Income



■ Net Interest Income ■ Non-Interest Income

CORPORATE HIGHLIGHTS



Highlights of 2016

- Brunei's Banking Environment
- Corporate Banking
- Retail Banking
- Baiduri Finance
- Baiduri Capital
- Customer Service Enhancement
- Investments in Online Security
- Human Resources
- Corporate Social Responsibility
- International Awards Recognition

CORPORATE HIGHLIGHTS



In line with our commitment to develop MSMEs, we set up the Business Banking Unit under the Retail Banking Division in April 2015. The unit serves to complement our Corporate Banking Department by tapping into the non-borrowing and small borrowing accounts.

Brunei's Banking Environment

With a combination of continued low oil and gas prices as well as spending cuts by the Government in its effort to strengthen public finances, opportunities are limited for banks to grow despite the generally low loan-to-deposit ratios, though efforts by the Government are being made to improve the situation.

With SMEs comprising 90% of all business in Brunei, the Government introduced Darussalam Enterprise (DARe), a statutory body which aims to encourage the development of local enterprises in Brunei. The establishment of DARe is expected to help open up new opportunities for local banks to finance MSMEs and help diversify their portfolio.

In spite of this unfavourable outlook, the Baiduri Bank Group was still able to grow its business in 2016 and record satisfactory results. The following sections will provide snapshots of the highlights for the Bank Group in 2016.

Corporate Banking

The reduction in public sector expenditure as well as tightening of capital and operating expenditure in the Oil and Gas Sector have affected our business in this sector. Undeterred by this challenging environment, we were able to maintain our corporate banking portfolio at the same level, mainly due to the takeover of corporate accounts of a departing bank.

Retail Banking

Business Banking

In line with our commitment to develop MSMEs, we set up the Business Banking Unit under the Retail Banking Division in April 2015. The unit serves to complement our Corporate Banking Department by tapping into the non-borrowing and small borrowing accounts. Services include card merchant services for retailers; setting up Baiduri Internet Gateway System (BIGS) – the first internet payment gateway system located in Brunei; introduce our Business i-Banking (BIB) to encourage paperless transactions; and assist them in their financial needs.

CORPORATE HIGHLIGHTS



Yang Berhormat Pehin Datu Singamanteri Colonel (Rtd) Dato Seri Setia (Dr) Awang Hj Mohammad Yasmin bin Hj Umar (5th from left) during the launch of MerchantSuite

In August 2016, the Business Banking Unit launched MerchantSuite, an affordable online payment platform for MSMEs that allows very small or individual sellers to issue invoices and receive payments online without the need to have an established website. Whether it is a brick and mortar shop, or business using social media channels like Instagram and Facebook, MerchantSuite provides businesses with a secure and reliable card payment channel as well as other digital features to help manage billings and receivables. MerchantSuite complies with the globally recognized PCI-DSS in line with Baiduri Bank's commitment to providing the highest industry standard in data security.

Baiduri Finance

Growth despite Regulatory Restrictions

Despite new regulatory restrictions on personal financing, our wholly-owned subsidiary, Baiduri Finance, continues to be the market leader in automobile financing, recording a slight increase in market share. The modest growth in volume was made possible due to its strong strategic partnerships with prime automobile dealers and its fast approval process on loan applications in addition to leveraging on Baiduri Bank's multi-channel delivery systems and support services.



Auto Direct Prepaid Card

In April, the Baiduri Auto Direct Mastercard Prepaid Card, issued exclusively to Baiduri Finance hire-purchase customers, was launched. Aimed to provide convenient hire-purchase instalment payments via Baiduri's electronic channels, cardholders can also reap the vast array of benefits accorded by the international card brand as well as discounts at selected Baiduri Card merchants.



The Baiduri Auto Direct Mastercard Prepaid Card

CORPORATE HIGHLIGHTS

ISO 9001 Certification

Baiduri Finance has, since 2003, been certified to ISO 9001, the seal of quality management system. To date, the company remains the only organization among finance companies in Brunei to have achieved this internationally recognized certification.



Baiduri Capital

To meet regulatory requirements, we set up Baiduri Capital, another wholly-owned subsidiary in June 2015. It provides securities trading services in international stock markets via its innovative online portal, the first and only online securities trading platform in Brunei, tapping into the growing segment of highly educated young professionals and investors looking to explore the international securities market.

Since its official launch, Baiduri Capital has been providing customers with capital market and securities trading services which include access to the SGX (Singapore), HKEx (Hong Kong) and Bursa Malaysia.



The viewing gallery in Baiduri Capital which provides customers with real-time access to movements in the various stock markets.

Introduction of US Stock Market

In 2016, Baiduri Capital added more opportunities for investors to diversify their portfolios by providing market access to the New York Stock Exchange (NYSE), NASDAQ Stock Exchange and the NYSE MKT LLC (AMEX).

Introduction of China A Share

Baiduri Capital also introduced trading of China A shares on their online trading portal.

China A Shares are shares of mainland China-based companies, listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange which are historically only available for purchase by mainland Chinese citizens.

With the introduction of the Shanghai-Hong Kong Stock Connect, a securities trading and clearing links programme jointly developed by Hong Kong Exchanges and Clearing Limited (HKEx), Shanghai Stock Exchange (SSE) and China Securities Depository and Clearing Corporation Limited (ChinaClear), overseas investors have access to direct investments in mainland Chinese companies or China A Shares instead of their offshore-listed holding companies.

Expanding Our Product Range

Baiduri Capital also offers five different types of Unit Trust Funds. They are BlackRock Global Multi-Asset Income Fund, BlackRock Asian Tiger Bond Fund, BlackRock China Fund, BlackRock Global Allocation Fund and BlackRock Equity Income Fund.

US Stock Market Access

Baiduri Capital added more opportunities for investors to diversify their portfolios by providing access to US Stock Market

- NYSE MKT LLC (AMEX)
- NASDAQ STOCK EXCHANGE
- NEW YORK STOCK EXCHANGE (NYSE)

CORPORATE HIGHLIGHTS



Pg Azaleen bin Pg Dato Hj Mustapha, Head of Retail Banking and Branch Network with the Guest of Honour, Yang Mulia Awang Yusof bin Hj Abdul Rahman, Managing Director, AMBD during the relaunch of Tutong Branch.

As part of Baiduri Bank's ongoing branch network configuration project, which seeks to redesign each branch to suit the market segment and its surrounding area, two branches were relocated in 2016. Our Tutong Branch moved to bigger premises at the Petani Mall while our Kiulap Branch was relocated to Shakirin Complex.

Customer Service Enhancement Initiatives

In 2016, Baiduri Bank continued with initiatives aimed to improve the customer experience and to stay ahead of the competition.

Branch Network Configuration to suit Market Segments

As part of Baiduri Bank's ongoing branch network configuration project, which seeks to redesign each branch to suit the market segment and its surrounding area, two branches were relocated in 2016. Our Tutong Branch moved to bigger premises at the Petani Mall while our Kiulap Branch was relocated to Shakirin Complex.

Offering full banking services to individuals and businesses, both premises feature modern and contemporary décor to reflect the dynamism and innovative spirit of Baiduri Bank. The upgraded branches offer complimentary Wi-Fi and are equipped with new ATMs to cater to the growing number of customers transacting physically and electronically.

Enhanced Baiduri Online Banking

As technology evolves, the number of customers performing their transactions via electronic channels has increased. To cater to the growing volume, we are continuously looking at ways to generate greater convenience and improved versatility for our online banking customers.



In January 2016, we rolled out Phase 2 of the enhanced version of Baiduri Online Banking to provide greater convenience and improved versatility for users. A new feature is the Vehicle Hire Purchase payment which is updated in real time. We have also added the option to make payments to multiple payees simultaneously

CORPORATE HIGHLIGHTS

making it especially convenient for customers who need to process high volumes of payment. Customers can also apply for instalment payments on their credit card purchases and standing instructions for credit card payments.

As an additional security feature for online fund transfers, a dual factor authentication in the form of a One Time Pin (OTP) sent by SMS to the accountholder was also introduced. The results of a two-month survey conducted after the launch revealed that 94.1% of respondents found our PIB service convenient, 90.6% found it user-friendly and 93% would recommend the service to their friends.

Upgrading ATMs

In 2016, we rolled out 11 new ATMs, which brought our ATM network to a total of 46 units. The new units are equipped with Electronic Cash Recycler Machines (ECRM) feature to help enhance ATM operational efficiency and accommodate our growing customer base who prefer electronic channels to counters.



Baiduri Bank's new ECRM introduced in 2016

Upgrading Customer Helpline

Our Call Centre, which previously operated daily from 7:00 am to midnight, was extended to operate 24-hours daily from October 2016, catering to the increase in calls received from customers. In addition, Call Centre, E-Banking, Card Authorisation and hotline for reporting lost or stolen cards were merged and came under one Customer Hotline number. This was done to provide greater convenience to customers as they only need to remember and call one number to reach any of the departments.

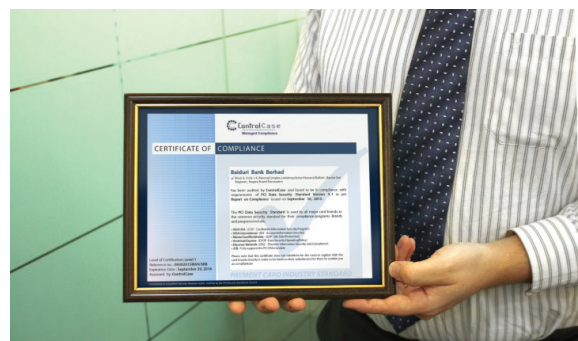


Call Centre, E-Banking, Card Authorisation and hotline for reporting lost or stolen cards were merged and came under one Customer Hotline number

Investments In Online Security

Payment Card Data Security Standard (PCI-DSS) Certification

Baiduri Bank has achieved the internationally recognized Payment Card Industry Data Security Standard (PCI-DSS) certification for card payment systems and processes since 2014. The certification programme was upgraded to Version 3.1 in November 2015 and further upgraded to Version 3.2 in 2016. This shows our commitment to achieving the highest data security standard.



Maintaining PCI-DSS certification requires stringent security standards during processing and transmission of cardholder data thereby assuring the users of better protection from credit card data leak. This standard is

CORPORATE HIGHLIGHTS



Baiduri Bank staff posing with their certificates upon completion of the Financial Planning Practitioners' Programme course.

endorsed by major card brands (Visa Inc, Mastercard Worldwide, Discover Network, American Express and JCB). This certification is our assurance to our customers and stakeholders that we take their privacy and data security seriously. To date, Baiduri Bank remains the only bank in Brunei to have achieved this certification.

Human Resources

By the end of 2016, the Baiduri Bank Group employed 735 staff members. During the year, a total of 162 training programmes comprising in-house, local and overseas training were organised spanning over a combined period of 257 days.

In our efforts to enhance human capacity and promote banking as a rewarding career, we participated in major career fairs in Brunei Darussalam to promote Baiduri as a preferred employer. These included the career fair at Maktab Duli, the KB Central Job Fair, the UBD CoNECT Fair, the UTB Pop-Up Career Fair and the Brunei Job Fair at BRIDEX.

Due to the increased awareness on the importance of financial planning and to further instil customer confidence, Baiduri Bank staff have undergone training and studies at the Centre for Islamic Banking, Finance and Management (CIBFM). Twenty-one Baiduri staff members received their certificates after successfully completing and passing the Financial Planning Practitioners' Programme (FPPP) course at CIBFM.

With the graduation of the first batch of senior financial planners from Baiduri Bank with Capital Market Services Representative License (CMSRL), Baiduri Capital is able to offer a full suite of services including retirement planning, gap analysis, portfolio reviews, financial health checks and risk profile assessment.

CORPORATE HIGHLIGHTS

Corporate Social Responsibility

Public Education

GLOBAL MONEY WEEK

Baiduri Bank has been a strong supporter of Global Money Week. The theme for Global Money Week 2016 was 'Take Part, Save Smart'. Baiduri Bank took part in the celebration by organizing student visits to our Kiarong branch and conducted a briefing to educate the students about the world of banking. In addition, our Certified Financial Planners delivered talks in the hope of raising awareness on the importance of saving, maintaining a sustainable financial lifestyle as well as planning for the future. Students were also taught about money matters through interactive hands-on activities.

THE NATIONAL SAVINGS DAY

In conjunction with National Savings Day organized by Autoriti Monetari Brunei Darussalam (AMBD), Baiduri Bank staff took part in a roadshow for students at Yayasan Sultan Haji Hassanal Bolkiah. With the theme 'Generasi Celik Kewangan' (Financially Literate Generation), the objective was to create a generation that is prudent with their finances and understands the need to save. Several activities, specially designed by Baiduri Bank, were conducted for the students to learn about finances in a fun and interactive way.

THE GREEN FESTIVAL

2016 was a remarkable year for Baiduri as we hosted our first outdoor roadshow, The Green Festival, which was held at Jerudong Park Amphitheatre and Open Court. The three-day festival was officiated by Yang Berhormat Pehin Orang Kaya Indera Pahlawan Dato Seri Setia Hj Suyoi bin Hj Osman, the Minister of Education. The objective of the festival was to raise awareness on the importance of leading a healthy lifestyle and to support local businesses in Brunei.

As the festival was themed around holistic wellness encompassing financial, physical, social and emotional well-being, a variety of local vendors were invited to participate in our largest outdoor roadshow. A variety of games were also conducted by Baiduri Bank for the public to win exciting prizes.

Our Certified Financial Planners delivered talks in the hope of raising awareness on the importance of saving, maintaining a sustainable financial lifestyle as well as planning for the future



Joel Loo, Investment Support Manager at Baiduri Capital, educating the students about financial literacy.



The National Savings Day participants



Yang Berhormat Pehin Orang Kaya Indera Pahlawan Dato Seri Setia Awan Haji Suyoi bin Haji Osman taking part in one of the activities during The Green Festival.

CORPORATE HIGHLIGHTS

Sustainability

CARING FOR THE ENVIRONMENT

2016 marked the seventh consecutive year Baiduri Bank joined the global community in observance of Earth Hour. In celebrating Earth Hour, we switched off signage and non-essential lights at our branches for one hour starting from 8.30pm.

Baiduri staff and family members joined the millions of people around the world in this World Wild Life Fund for Nature (WWF) initiative aimed at raising awareness of climate change and energy conservation, and switched off their lights and non-essential appliances, electronic appliances and gadgets at their homes to conserve energy.

By taking part in this project, we hope to inspire and encourage people to participate in Earth Hour in order to make a change in the environment.



Community Development

EVERY DROP COUNTS, GIVE BLOOD TODAY

In June 2016, a total of 90 people comprising Baiduri Bank Group staff and customers took part in an annual blood drive campaign organised by Baiduri Bank Group and the Raja Isteri Pengiran Anak Saleha (RIPAS) Hospital in the hope to cultivate the spirit of caring and giving among the bank's employees. This year's theme was 'Every Drop Counts. Give Blood Today'.

The Baiduri Bank Group has long been committed to helping in community development. Among others, the Bank has been a major sponsor of the annual World Blood Donor Day.

**Every Drop Counts, Give Blood Today**

- Baiduri Bank has been a major sponsor of the annual World Blood Donor Day

**The Baiduri Masters Charity Golf**

- The tournament saw over 800 golfers participating in charity through golf

The Spirit of Giving Back

THE Baiduri MASTERS CHARITY GOLF

2016 marked the 21st edition of The Baiduri Masters Charity Golf Tournament. The tournament saw over 800 golfers participating in charity through golf and hoping to walk away with a variety of prizes. Tony Hj Karim, the champion, received the coveted Baiduri Masters Green Jacket and Challenge Trophy. The tournament also featured hole-in-one prizes comprising a Porsche Cayenne, a Mini Cooper, a BMW 2-series Active Tourer and two cash prizes of BND20,000 each.



Tony Hj Karim, the 21st Baiduri Masters champion, receiving the Challenge Trophy from Yang Amat Mulia Pg Muda Dr Abdul Fattaah.

CORPORATE HIGHLIGHTS

RELIEF FOR A FAMILY DURING RAMADHAN

In the spirit of giving back during the month of Ramadhan, Baiduri Bank Group organized a cleaning and repair works activity for a family who lived in Kilanas in a dilapidated home. The family was living in a half-collapsed home when their kitchen floor gave way on 30th May 2016. The wooden house was originally built in the late seventies. 20 Baiduri Bank Group staff members volunteered their time at the house early on a Saturday and spent the morning clearing the site in preparation for the repair works.



Baiduri Bank volunteers assisting with the clean-up of the house belonging to a family in need

International Awards And Recognitions

In 2016, Baiduri Bank Group received four major banking awards and recognition.

The Best Banking Group, Brunei 2016

This year marks the eighth consecutive year Baiduri Bank Group has been awarded the Best Banking Group, Brunei 2016 by World Finance Magazine. The award was given to Baiduri Bank Group based on their strong performance on various criteria such as customer service, compliance, innovation, market leadership and geographical spread and positive media coverage.

Bank of The Year 2016

Baiduri Bank was awarded the coveted Bank of The Year award from The Banker Magazine for the eleventh time. Receiving the award on behalf of Baiduri Bank was Ti Eng Hui, Deputy CEO of Baiduri Bank in an awards ceremony in London. The recognition of being named Bank of the Year in the country by The Banker is testament to the strong management, sound business model and prudent risk approach of the bank.



Paul Richardson, World News Media producer presenting the award for the World Finance Best Banking Group to Pierre Imhof, CEO of Baiduri Bank

CORPORATE HIGHLIGHTS

The Domestic Retail Bank of the Year for Brunei 2016 award demonstrates the bank's ability to adapt to customer's dynamic needs in this era of technology. Baiduri Bank have managed to keep up with the trends as we kept on innovating new product and services



Pg Azaleen Pg Dato Hj Mustapha receiving the award from Tim Charlton, Editor-in-chief of the Asian Banking and Finance magazine.



Michael Buerk, BBC Presenter and Correspondent (L) and Stefania Palma, Asia Editor of The Banker with Ti Eng Hui, Deputy CEO of Baiduri Bank

Domestic Retail Bank of The Year For Brunei

Baiduri Bank received the Domestic Retail Bank of the Year for Brunei 2016 for the fourth consecutive year from the Asian Banking & Finance Magazine. Receiving the award on behalf of Baiduri Bank was Pg Azaleen bin Pg Dato Haji Mustapha, Head of Retail Banking and Branch Network at Baiduri Bank. The award demonstrates the bank's ability to adapt to customer's dynamic needs in this era of technology. Baiduri Bank have managed to keep up with the trends as we kept on innovating new product and services.

The Best Bank In Brunei 2016

Baiduri Bank has been recognised by Global Finance as The World's Best Emerging Markets Banks in Asia-Pacific 2016 for Brunei. This marks the second time that Baiduri has received this award. Despite the challenges in this market segment, Baiduri was able to score well in the criteria of growth in assets, profitability, strategic relationships, customer service, competitive pricing, and innovative products.



FINANCIAL STATEMENTS

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.



Report of Directors

- Principal activities of the Bank and the Group
- Reserves and Provisions
- Financial Statements
- Dividend paid in respect of the financial year
- Directors, Auditors & Board

Report of the Auditors

- Report on the audit of the financial statements

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and audited financial statements of Baiduri Bank Berhad (the "Bank") and its subsidiaries (the "Group") for the financial year ended December 31, 2016.

Principal Activities

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

Results

	Bank B\$'000	Group B\$'000
Balance as at December 31, 2015	34,809	126,667
Total Profits for the financial year	45,109	41,034
Transferred from Retained profits to:		
- Statutory Reserve	(11,277)	(12,090)
Dividend paid	(14,150)	(14,150)
Balance as at December 31, 2016	54,491	141,461

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 financial statements.

Financial Statements

The state of affairs of the Bank as at December 31, 2016 is set out in the Statement of Financial Position. These financial statements were approved by the Board of Directors on March 22, 2017.

Dividend

	B\$
Dividend paid in respect of the financial year ended December 31, 2015	14,150,000

At the forthcoming Annual General Meeting, a total dividend of B\$14,500,000 in respect of the current financial year ended December 31, 2016 will be proposed for shareholders' approval.

Directors

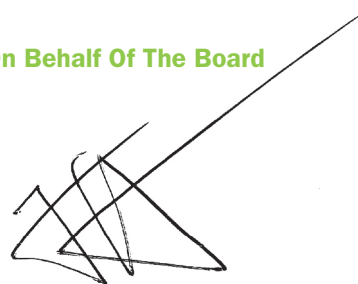
The directors in office during the financial year and at the date of this report are:

YTM Pengiran Anak Isteri Pengiran Anak Hajah Zariah
YAM Pengiran Muda Dr. Abdul Fattaah
YM Dato Paduka Timothy Ong Teck Mong
Norliah Binti Haji Kula
Haji Sofian Bin Jani
Francis Gerard Caze
Bertie Cheng Shao Shiong

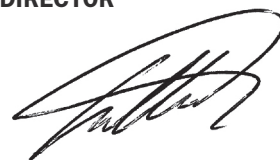
Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

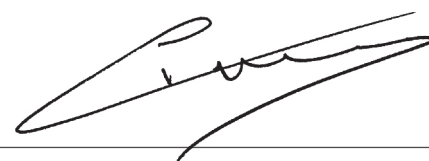
On Behalf Of The Board



DIRECTOR



DIRECTOR



DIRECTOR

Brunei Darussalam

Date: 22 March 2017

REPORT OF THE AUDITOR



Report on the audit of the financial statements

Opinion

We have audited the financial statements of Baiduri Bank Berhad (the “Bank”) and its subsidiaries (the “Group”), which comprise the statements of financial position of the Bank and the Group as at 31 December 2016, statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Bank and the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 7 to 70.

In our opinion, the accompanying consolidated financial statements of the Bank and financial statements of the Group are properly drawn up in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (the “Act”) and International Financial Reporting Standards (“IFRSs”), including the modification of IAS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning Guideline No. 1/2009 “Provision for Bad and Doubtful Debts” issued pursuant to the Banking Order, 2006, so as to give a true and fair view of the financial position of the Bank and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Bank and of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the ‘Auditors’ responsibilities for the audit of the financial statements’ section of our report. We are independent of 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 Financial Statements and Auditor’s Report thereon

The Directors are responsible for the other information. The other information comprises the Directors’ Report included in pages 1 to 2 but does not include the financial statements and our auditor’s report thereon.

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

Responsibilities of the Bank’s directors for the financial statements

The Bank’s directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and IFRSs, including the modification of IAS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning Guideline No. 1/2009 “Provision for Bad and Doubtful Debts” issued pursuant to the Banking Order, 2006, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors’ responsibilities include overseeing the Group’s financial reporting process.

REPORT OF THE AUDITOR

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 controls.
- Obtain an understanding of internal controls 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 Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within 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, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

We formed our audit opinion on the statement of financial position of the Bank and the Group based on the information and explanations given to us and as shown by the books of the Bank and the Group. We have obtained all the information and explanations that we required.



KPMG

Certified Public Accountants



HJ Shazali bin Tan Sri Dato HJ Sulaiman

Public Accountant

Brunei Darussalam

Date: 22 March 2017

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2016

	BANK			GROUP		
	2016 B\$'000	2015 B\$'000	Change	2016 B\$'000	2015 B\$'000	Change
Income						
Interest Income	79,028	72,007	9.75%	135,232	138,620	-2.44%
Interest Expense	(12,248)	(10,247)	19.53%	(18,476)	(16,317)	13.23%
Net Interest Income	66,780	61,760	8.13%	116,756	122,303	-4.54%
Fee Income	8,629	9,163	-5.83%	8,849	9,182	-3.63%
Fee Expense	(334)	(308)	8.44%	(379)	(315)	20.32%
Net Fee Income	8,295	8,855	-6.32%	8,470	8,867	-4.48%
Other Operating Income	41,514	37,401	11.00%	24,395	24,924	-2.12%
Net Loss from Other Financial Instruments at Fair Value through Profit or Loss	(1)	(313)	-99.68%	(1)	(313)	-99.68%
Net Other Operating Income	41,513	37,088	11.93%	24,394	24,611	-0.88%
Total Operating Income before Impairment Charges and Allowances	116,588	107,703	8.25%	149,620	155,781	-3.95%
Less:						
Personnel Expenses	(27,127)	(25,937)	4.59%	(32,468)	(30,730)	5.66%
Provision for End of Service Benefits	(891)	(1,100)	-19.00%	(1,178)	(1,388)	-15.13%
Other Overhead Expenses	(25,072)	(22,466)	11.60%	(48,320)	(46,187)	4.62%
Total Operating Expenses	(53,090)	(49,503)	7.25%	(81,966)	(78,305)	4.68%
Less:						
Impairment Losses for Loans	(8,533)	(8,415)	1.40%	(12,999)	(10,631)	22.27%
Loans/Financing Written Off	(33)	(11)	200.00%	(33)	(11)	200.00%
Impairment of Investments	(3,000)	-	-	(3,000)	-	-
Total Impairment Charges and Allowances	(11,566)	(8,426)	37.27%	(16,032)	(10,642)	50.64%
Profit before Taxation	51,932	49,774	4.34%	51,622	66,834	-22.76%
Less: Income Tax Expense	(6,823)	(7,320)	-6.79%	(10,588)	(13,346)	-20.67%
Profit after taxation / Profit for the Year	45,109	42,454	6.25%	41,034	53,488	-23.28%

STATEMENT OF OTHER COMPREHENSIVE INCOME
--

FOR THE YEAR ENDED DECEMBER 31, 2016

	BANK		GROUP	
	2016 B\$'000	2015 B\$'000	2016 B\$'000	2015 B\$'000
Profit after Taxation / Profit for the Year	45,109	42,454	41,034	53,488
Other Comprehensive Income	-	-	-	
Total Comprehensive Income for the Year	45,109	42,454	41,034	53,488

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	BANK			GROUP		
	2016 B\$'000	2015 B\$'000	Change	2016 B\$'000	2015 B\$'000	Change
ASSETS						
Cash and Short Term Funds	1,645,114	840,346	95.77%	1,649,937	843,933	95.51%
Balances with AMBD	154,305	117,290	31.56%	213,131	175,375	21.53%
Derivative Assets	386	7	5414.29%	386	7	5414.29%
Government Sukuk	24,524	9,922	147.17%	24,524	9,922	147.17%
Investment Securities	121,062	196,590	-38.42%	121,062	196,590	-38.42%
Loans and Advances	1,112,770	1,147,787	-3.05%	1,984,040	2,036,487	-2.58%
Investments in Subsidiaries	27,949	27,449	1.82%	-	-	-
Property, Plant and Equipment	30,053	31,195	-3.66%	31,067	32,374	-4.04%
Other Assets	13,016	11,832	10.01%	44,437	46,688	-4.82%
Total Assets	3,129,179	2,382,418	31.34%	4,068,584	3,341,376	21.76%
LIABILITIES AND EQUITY						
Deposits from Customers	2,513,157	1,707,272	47.20%	3,513,210	2,688,837	30.66%
Deposits from Banks and Other Financial Institutions	205,794	200,399	2.69%	6,445	38,450	-83.24%
Derivative Liabilities	359	243	47.74%	359	243	47.74%
Borrowings	-	98,950	-100.00%	-	98,950	-100.00%
Group Balances Payable	4,865	9,956	-51.13%	-	-	-
Other Liabilities	57,939	49,808	16.33%	65,010	56,896	14.26%
Deferred Taxation	8,446	10,778	-21.64%	8,493	10,825	-21.54%
Provision for Taxation	13,486	10,839	24.42%	34,330	33,322	3.03%
Total Liabilities	2,804,046	2,088,245	34.28%	3,627,847	2,927,523	23.92%
SHAREHOLDERS' EQUITY						
Share Capital	150,000	150,000	0.00%	150,000	150,000	0.00%
Statutory Reserves	115,488	104,211	10.82%	144,122	132,032	9.16%
Other Reserves	59,645	39,962	49.25%	146,615	131,821	11.22%
Total Shareholders' funds / Total Equity	325,133	294,173	10.52%	440,737	413,853	6.50%
Total Liabilities and Equity	3,129,179	2,382,418	31.34%	4,068,584	3,341,376	21.76%
<i>Off Balance Sheet items:</i>						
COMMITMENTS AND CONTINGENCIES	1,059,339	1,152,357	-8.07%	1,059,339	1,152,357	-8.07%

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Bank	Share Capital B\$'000	Statutory Reserve B\$'000	General Reserve B\$'000	Retained Profits B\$'000	Total Equity B\$'000
Balance as at 01/01/2015	100,000	113,549	19,154	32,517	265,220
Net profit for 2015	-	-	-	42,454	42,454
Transfer during the Year	-	10,662	-	(10,662)	-
Transfer to increase Share Capital	50,000	(20,000)	(14,000)	(16,000)	-
Dividend paid	-	-	-	(13,500)	(13,500)
Balance as at 31/12/2015	150,000	104,211	5,154	34,809	294,174
Net profit for 2016	-	-	-	45,109	45,109
Transfer during the Year	-	11,277	-	(11,277)	-
Dividend paid	-	-	-	(14,150)	(14,150)
Balance as at 31/12/2016	150,000	115,488	5,154	54,491	325,133

Group	Share Capital B\$'000	Statutory Reserve B\$'000	General Reserve B\$'000	Retained Profits B\$'000	Total Equity B\$'000
Balance as at 01/01/2015	100,000	137,686	19,154	117,025	373,865
Net profit for 2015	-	-	-	53,488	53,488
Transfer during the Year	-	14,346	-	(14,346)	-
Transfer to increase Share Capital	50,000	(20,000)	(14,000)	(16,000)	-
Dividend paid	-	-	-	(13,500)	(13,500)
Balance as at 31/12/2015	150,000	132,032	5,154	126,667	413,853
Net profit for 2016	-	-	-	41,034	41,034
Transfer during the Year	-	12,090	-	(12,090)	-
Dividend paid	-	-	-	(14,150)	(14,150)
Balance as at 31/12/2016	150,000	144,122	5,154	141,461	440,737

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	BANK		GROUP	
	2016 B\$'000	2015 B\$'000	2016 B\$'000	2015 B\$'000
Cash flows from operating activities				
Profit before tax:	51,932	49,774	51,622	66,834
<i>Adjustments for non-cash items:</i>				
Depreciation of Property, Plant and Equipment	4,677	3,913	5,102	4,320
Net Gain on disposal of Property, Plant and Equipment	(4)	(48)	(16)	(69)
Net Loss from Other Financial Instruments at Fair Value through Profit or Loss	1	313	1	313
Impairment of Investments	3,000	-	3,000	-
Impairment Losses for Loans	8,533	8,415	12,999	10,631
Operating profit before change in Operating Assets and Liabilities	68,139	62,367	72,708	82,029
<i>Change in Operating Assets and Liabilities:</i>				
Placements with Banks	(126,687)	44,252	(126,687)	44,252
Balances with AMBD	(37,015)	2,638	(37,756)	362
Derivative Assets	(379)	105	(379)	105
Loans and Advances	26,484	(110,157)	39,449	(107,864)
Other assets	(1,184)	2,901	2,251	6,189
Deposits from customers	805,884	(363,060)	824,372	(304,908)
Deposits from banks and other financial institutions	5,395	27,873	(32,005)	(41,245)
Derivative liabilities	116	(1,271)	116	(1,271)
Other liabilities	3,041	11,881	8,115	5,142
Cash from/(used in) operating activities	743,794	(322,471)	750,184	(317,209)
Income tax paid	(6,508)	(5,401)	(11,912)	(11,372)
Net cash from/(used in) operating activities	737,286	(327,872)	738,272	(328,581)
Cash flow from investing activities				
Purchase of Property, plant and equipment	(3,545)	(17,206)	(3,806)	(17,981)
Proceeds from Disposal of Property, plant and equipment	15	68	25	90
Net investments	56,926	82,729	57,426	82,729
Investment in Subsidiary	500	-	500	-
Net cash from investing activities	53,896	65,591	54,145	64,838
Cash flow from financing activities				
Net (decrease)/increase in borrowings	(98,950)	32,812	(98,950)	32,812
Dividends paid	(14,150)	(13,500)	(14,150)	(13,500)
Net cash (used in)/from financing activities	(113,100)	19,312	(113,100)	19,312
Net change in cash and cash equivalents	678,082	(242,969)	679,317	(244,431)
Cash and cash equivalents at 1 January	602,521	845,490	606,108	850,539
Cash and cash equivalents at 31 December	1,280,603	602,521	1,285,425	606,108

OTHER FINANCIAL INFORMATION

Note

The full set of the audited financial statements will be made available in hard copy at the Bank's branches upon request, within 1 week after publication in the newspaper.

Certification

We, the undersigned, being the Chief Executive Officer and the Senior Manager - Finance of Baiduri Bank Berhad certify jointly that:-

- (a) The above financial statements have been prepared in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 and International Financial Reporting Standards, including the modification of IAS39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by Guideline no.1/2009 'Provision for Bad and Doubtful Debts' issued pursuant to the Banking Order, 2006.
- (b) The information contained in these statements has been extracted from the audited financial accounts and statements.



PIERRE IMHOF
Chief Executive Officer



VERONICA CHONG
Senior Manager - HR & Finance

Date: 22 March 2017

Date: 22 March 2017

OFFICES, BRANCHES & ATM NETWORKS

Head Office

Block A, Units 1-4, Kiarong Complex
Lebuhraya Sultan Hassanah Bolkuah BE1318

Tel No: 226 8300

Fax No: 245 5599

Baiduri Bank Branches**BERIBI BRANCH (FINANCIAL SERVICES CENTRE)**

Unit 16-17, Ground Floor
Sumbangsih Bahagia
Kompleks Perindustrian Beribi
Bandar Seri Begawan BE1118

Tel No: 242 6807 / 8 / 10 / 11

Fax No: 242 6809

KIARONG BRANCH

Ground Floor, Block A, Units 1-4, Kiarong Complex
Lebuhraya Sultan Hassanah Bolkuah BE1318

Tel No: 226 8300

Fax No: 245 2888

KIULAP BRANCH

Unit 1, Block A, Kompleks Shakirin
Kg Kiulap, BE1518

Tel No: 223 6905 / 6 / 10

Fax No: 223 6904

KUALA BELAIT BRANCH

Units 2-4, Tang Ching Ying Building
Jalan Sungai, Kuala Belait KA2331

Tel No: 333 0650

Fax No: 334 2297

MUARA TOWN BRANCH

Units G2 & G3, Ground Floor
Al-Warazah Building, Muara Town BT1128

Tel No: 277 1700 / 1

Fax No: 277 1702

SENGKURONG BRANCH

Units 1 & 2, Ground Floor
Sengkurong Complex
Kg Sengkurong A BG1121

Tel No: 266 3960

Fax No: 266 3959

SERIA BRANCH

Unit 10, Jalan Sultan Omar Ali, Seria

Tel No: 322 2450 / 438 / 960 / 963

Fax No: 322 2433

SERUSOP BRANCH

Unit 1, Block A, Kompleks Delima Jaya
Simpang 62, Jalan Muara, Kg Delima Satu BB4713

Tel No: 234 3288

Fax No: 234 3285

SUPA SAVE GADONG BRANCH

Units 6 - 8, Supa Save Gadong
Kg Mata-Mata BE1718

Tel No: 242 0627 / 29

Fax No: 242 0909

THE MALL BRANCH

Unit G-30, Ground Floor, The Mall
Abdul Razak Complex, Gadong BE3519

Tel No: 242 1498, 242 1398 / 96

Fax No: 242 1415

TIMES SQUARE BRANCH

Unit F26, 1st Floor, Times Square
Kampong Jaya Setia, Mukim Berakas A

Tel No: 234 5111

Fax No: 234 5112

TUTONG BRANCH

Units 8-9, Ground Floor, Block C
Bangunan Hj Abdul Malik & Anak-Anak
Kg Petani, Tutong TA1141

Tel No: 426 0707

Fax No: 426 0714

YAYASAN BRANCH

G.25, Ground Floor, Block C
Yayasan Sultan Haji Hassanah Bolkuah Complex
BS8711

Tel No: 223 3233

Fax No: 222 1891

Card Centre

Block A, Unit 8, Kiarong Complex
Lebuhraya Sultan Hassanah Bolkuah BE1318

Tel No: 244 9666

Fax No: 245 4184

Loan Centre

Block A, Unit 6, Kiarong Complex
Lebuhraya Sultan Hassanah Bolkuah BE1318

Tel No: 226 8433

Fax No: 245 4193

OFFICES, BRANCHES & ATM NETWORKS

Wealth Management Centre

Unit 10, Level 2, Block A, Kiarong Complex,
Lebuhraya Sultan Hassanal Bolkiah BE1318

Tel No: 223 2154 / 56 / 57

Fax No: 223 2155

Business Services Centre

Block B, Ground Floor, Unit 4, Kiarong Complex
Lebuhraya Sultan Hassanal Bolkiah BE1318

Tel No: 226 8300

Fax No: 245 5599

Business Banking Unit

Block A, Unit 10, 1st Floor, Kiarong Complex
Lebuhraya Sultan Hassanal Bolkiah
Bandar Seri Begawan BE1318

Tel No: 244 9666

Email: businessbanking1@baiduri.com

Corporate Banking Centres**KIARONG BRANCH**

Block A, Units 1-2, 2nd Floor, Kiarong Complex
Lebuhraya Sultan Hassanal Bolkiah BE1318

Tel No: 226 8311

Fax No: 245 5558

KUALA BELAIT BRANCH

Units 2-4, Tang Ching Ying Building
Jalan Sungai, Kuala Belait KA2331

Tel No: 333 0650

Fax No: 334 2297

E-Banking Centre

Block B, Unit 4, 1st Floor, Kiarong Complex
Lebuhraya Sultan Hassanal Bolkiah BE1318

Tel No: 244 9666

Fax No: 242 5741

Email: ebanking@baiduri.com

Prestige Centres**KIARONG BRANCH**

Unit 1, Block A, Kiarong Complex
Lebuhraya Sultan Hassanal Bolkiah BE1318

Tel No: 226 8300

Fax No: 245 2888

KUALA BELAIT BRANCH

Units 2-4, Tang Ching Ying Building
Jalan Sungai, Kuala Belait KA2331

Tel No: 333 0650

Fax No: 334 2297

KIULAP BRANCH

Unit 1, Ground Floor, Block A
Kompleks Shakirin, Kg Kiulap BE1518

Tel No: 223 6905 / 6 / 10

Fax No: 223 6904

SERIA BRANCH

Unit 10, 1st Floor, Jalan Sultan Omar Ali, Seria

Tel No: 322 2450 ext. 213 / 215

Fax No: 322 2433

Smart Executive Centres**TIMES SQUARE**

Unit F26, 1st Floor, Times Square
Kampong Jaya Setia, Mukim Berakas A

Tel No: 234 5111

Fax No: 234 5112

SUMBANGSIH BRANCH

Sumbangsih Bahagia, Baiduri Finance, Unit 1
1st Floor, Kompleks Perindustrian Beribi BE1118

Tel No: 242 8275

Fax No: 245 0877

Baiduri Finance Berhad

A wholly-owned subsidiary of Baiduri Bank established in 1996. Baiduri Finance Bhd is now the country's leading automobile finance company.

HEAD OFFICE

Sumbangsih Bahagia, Units 1-3
Ground and 1st Floor, Kompleks Perindustrian Beribi
Bandar Seri Begawan BE1118

Tel No: 242 6800

Fax No: 245 0877

KUALA BELAIT BRANCH

Unit 1, Ground Floor, Tang Ching Ying Building
Jalan Sungai, Kuala Belait KA2331

Tel No: 333 0570

Fax No: 333 0572

OFFICES, BRANCHES & ATM NETWORKS



Baiduri Capital Sdn Bhd

Baiduri Capital Sdn Bhd is a wholly-owned subsidiary of Baiduri Bank. Opened in June 2015, Baiduri Capital is the first to offer Online Securities Trading in Brunei. Baiduri Capital also offers unit trust and other investment products.

Unit 9, Ground Floor, Block A, Kiarong Complex
Lebuhraya Sultan Hassanal Bolkiah
Bandar Seri Begawan BE1318
Tel No: 226 8823/26

Baiduri Bank Off-Site ATM Locations

- Brunei International Airport
- Bunut Post Office
- Centrepoint, Gadong
- Giant Hypermarket, Tasik Rimba
- Grand City Hotel, Batu Bersurat
- Hua Ho Manggis Mall
- Hua Ho Mall, Tanjong Bunut
- Mail Processing Centre, Old Airport Berakas
- Petani Mall, Tutong
- RIPAS Hospital
- Soon Lee Megamart, Kuala Belait
- Soon Lee, Lambak Kanan
- Soon Lee, Sungai Liang
- Supa Save, Mabohai
- Supa Save Panaga, Mukim Seria
- The Core, Universiti Brunei Darussalam
- Times Square Mall, Mukim Berakas

Contact Us

CALL CENTRE **244 9666**

Open 24 hours

**24-HOUR
HOTLINE** **245 4222**

Report Lost or
Stolen Card

WHATSAPP **729 5566**

EMAIL **bank@baiduri.com**

WEBSITE **www.baiduri.com.bn**

