

ANNUAL REPORT 2015



Laporan Tahunan 2015

ANNUAL REPORT

BAIDURI BANK 2015



OUR VISION AND 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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“In 2015, Baiduri Bank continued to improve customer experience. Besides the branch network configuration project which seeks to redesign each branch so that it is more suitable for the market needs, the bank also used technological advances to bring about a higher level of customer experience through electronics.”

CHAIRPERSON'S Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Accounts of Baiduri Bank Berhad for the financial year ended 31st December 2015.

THE DOMESTIC BANKING ENVIRONMENT

The banking environment in Brunei continues to be challenging due to expenditure reductions by Government and oil and gas companies as a result of falling oil and gas prices. This, in addition to increased regulations by the authorities, has had the effect of limiting opportunities for banks to grow despite the generally low loan-to-deposit ratios of banks in the country. However, the Government's introduction of the Local Business Development (LBD) Programme in the Oil and Gas sector in 2014 which aimed to encourage the utilization of local resources has helped open up opportunities to local banks to finance more projects in the sector.

FINANCIAL RESULTS

Despite the difficult business environment, Baiduri Bank Group delivered satisfactory results in 2015. We were able to achieve these primarily owing to excellent recovery results and a strong effort undertaken by our core businesses made up of retail banking, corporate banking and, under Baiduri Finance, consumer financing.

Total Operating Income for the Group was BND 155.7 million, maintaining the same level as in 2014 while Group Total Operating Expenses increased slightly by 1.40% to BND 78.3 million. Net Group Profit before Tax increased slightly from BND 65.9 million to BND 66.8 million, an increase of 1.29%, while Group Total Assets at the end of 2015 remained high at BND 3.34 billion.

Baiduri Bank's Total Equity increased by 11% from BND 265 million in 2014 to BND 294 million in 2015. Return on Equity remained high at 14.43%. The Bank's Capital Adequacy Ratio of 17.54% in 2015 was well above the minimum 10% set by the authorities.

Our loan portfolio grew by 9.7% over 2014 while the loan-to-deposit ratio increased from 46.63% in 2014 to 60.17% in 2015, showing the efforts made by the Bank to allocate its huge excess liquidity into the financing of the domestic economy. The Bank is ready to finance more businesses and projects.

Total Operating Income for Baiduri Finance stood at BND 63.7 million in 2015, while Profit before Tax decreased by 9% to BND 30.5 million compared to the previous year, mainly owing to the decline of the car loan portfolio which resulted from a stricter regulatory environment.

BUSINESS HIGHLIGHTS

Corporate Banking

As a local bank with in-depth knowledge of the local environment, Baiduri Bank, in 2015, continued to provide financing to SMEs mainly in the Oil and Gas sector and the Services sector. We financed contractors in development projects as well as diversification projects, offering structured financing and individual financing solutions to companies. We continued to develop synergies between our Corporate Banking Division and other divisions within the Group which allowed cross-selling of our retail products to employees of our corporate clients. Despite the slow economic environment, we were still able to increase our total loan portfolio in 2015.

Retail Banking

As part of our long term strategy of playing a leading role in the development of Brunei's financial sector and to strengthen our Retail Banking business, we purchased the Retail Banking business of United Overseas Bank Brunei Branch (UOB Brunei) in October 2015. In April 2015, we established a new unit called Business Banking Unit to cover the segment of very small and non-borrowing companies and to complement our Corporate Banking Department. Services include card merchant services for retailers, setting up of the Baiduri Internet Gateway System (BIGS) as well as assisting customers in SME credit facilities, where eligible, all under one roof. Under our Wealth Management Department, we launched four new unit trust funds, adding to the investment products available for our customers.

Baiduri Finance

Our wholly owned subsidiary, Baiduri Finance, maintained its position as the market leader in vehicle financing, commanding more than 65% of the market share, based on the number of new vehicles financed in Brunei in 2015. The company continues to maintain its Quality Management System and was re-certified to ISO 9001:2008 in May 2015.

Baiduri Capital

In order to comply with the Securities Market Order 2013 and the Securities Market Regulations 2014 which requires the formation of a separate entity for the purpose of offering capital market services and securities trading, Baiduri Capital, fully owned by Baiduri Bank, was set up and began operations in June 2015. It was officially launched in September 2015. Baiduri Capital is the first in the Brunei market to offer an online securities trading portal.

OPERATIONAL HIGHLIGHTS

Premises Upgrade

Two branches were refurbished in 2014 and reopened in 2015 as part of our facilities upgrading project. The relocated Muara Branch is the first in Brunei to offer cafe branch concept and has a 100% increase in floor area, more employees and now offers full banking service to businesses and individuals. The Mall Branch features modern and contemporary decor and offers free Wi-Fi to customers as well as more ATMs to cater to the growing number of customers who require electronic services.

The 24-hour self-service electronic branch in Beribi was relocated to bigger premises within the same building to serve the banking and business needs of Baiduri Finance's hire purchase clients. We also upgraded Baiduri Finance's Bluecard and Insurance Centre to meet the demands of a growing customer base.

Enhancing Customer Experience

In 2015, Baiduri Bank continued to improve customer experience. Besides the branch network configuration project which seeks to redesign each branch so that it is more suitable for the market needs, the bank also used technological advances to bring about a higher level of customer experience through electronics. During the year, we worked on enhancing the Baiduri Online Banking in order to be more convenient and versatile for users. Several new features, including an additional security process for online funds transfer, will also be introduced. The new version is expected to start in early 2016.

HUMAN RESOURCES

At the end of 2015, Baiduri Bank Group employed a total of 705 staff members. By 2015, staff development programmes were intensified with emphasis on customer service, product knowledge and technical competency. 191 training programmes comprising in-house, local and overseas training were organized.

CORPORATE SOCIAL RESPONSIBILITY

Supporting Local Charities and Artists

Baiduri Bank Group continues to support local charities, especially those associated with special needs children. In January 2015, we hosted our very first art auction, the "Bruneian Art for Charity" to help increase interest in local artists and to raise funds for charity. BND 36,000 was raised during the art auction, the proceeds of which went to the artists and to charities chosen by the purchasers. The "Baiduri Masters", an annual golf event organized to raise funds for charity, remains the biggest golfing event in Brunei. More than BND 80,000 was raised during the Baiduri Masters which was donated to five local charity and welfare bodies.

Helping the Country build a Financially Knowledgeable Generation and SMEs

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 of the Junior Achievement (JA) programme. Besides providing financial sponsorship, 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 2015, Baiduri Bank won five prestigious international banking awards. The Asian Banking and Finance magazine awarded Baiduri Bank the “Domestic Retail Bank of the Year for Brunei 2015” for the third consecutive year as well as the “Mobile Banking Initiative of the Year for Brunei 2015”. World Finance magazine awarded Baiduri Bank Group the “Best Banking Group Brunei 2015” for the seventh consecutive year while The Banker magazine awarded Baiduri Bank the “Bank of the Year for Brunei 2015”. In November 2015, Global Finance magazine named Baiduri Bank the “Safest Bank in Brunei for 2015” for the second year running while Standard & Poor’s reaffirmed Baiduri Bank’s credit rating of BBB+/A-2 in March and September 2015, a rating it first assigned in March 2014.

FUTURE PLANS

The banking industry all over the world is operating in an increasingly regulated environment and Brunei is no exception. Though we believe that businesses, including banking, will continue to face challenges due to the low oil and gas prices, we still believe there are opportunities for businesses and for the Baiduri Bank Group to grow.

In accordance with our global strategy for growth, we will continue to meet the needs of our customers. In 2016, we shall focus on three main areas: improving service quality and reliability; increasing professionalism in the workforce and introducing more products and services.

Because we believe in the future of the financial industry of Brunei, in late 2015, we purchased an existing site in a prime commercial area in Bandar Seri Begawan which will be redeveloped as our new Head Office.

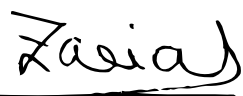
As a leading bank with a strong commitment to the Brunei market, Baiduri Bank will continue to play an active role in the economic growth of the country and its national development programmes in order to meet the goals and objectives of Brunei’s Wawasan 2035.

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 PENGIRAN ANAK HAJAH ZARIAH
Chairperson

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



**DR. YAM PENGIRAN
MUDA ABDUL FATAAH**

Board Member



**YM DATO PADUKA
TIMOTHY ONG TECK MONG**

Board Member



**HAJI ABU BAKAR BIN
HAJI IBRAHIM**

Board Member



**HAJI ZAKARIA BIN
HAJI SERUDIN**

Board Member



FRANCIS GERARD CAZE

Board Member



**BERTIE CHENG SHAO
SHIONG**

Board Member

CORPORATE Information

MANAGEMENT COMMITTEE

PIERRE IMHOF

TI ENG HUI

ANDREW YOUNG CHEE ANN

HJ HALILUDDIN BIN DATO HJ TALIB

YVONNE CHAN ENG PHENG

PG AZALEEN BIN PG DATO HJ MUSTAPHA

VERONICA CHONG NYET HWA

AK NOR MUHAMMAD NIZAM PG HJ TENGAH

Chief Executive Officer

Deputy Chief Executive Officer

Deputy General Manager, Operations Management Division
and Diversification & Strategic Development

General Manager, Baiduri Finance

Senior Manager, Corporate Banking

Senior Manager, Retail Banking

Senior Manager, Human Resources and Finance Division

Senior Manager, Treasury



(Left to Right) Pg Azaleen Pg Dato Hj Mustapha, Veronica Chong, Ak Nor Md Nizam Pg Hj Tengah, Pierre Imhof, Ti Eng Hui, Hj Haliluddin Dato Hj Talib, Andrew Young and Yvonne Chan

CORPORATE Information

INTERNATIONAL AWARDS & RECOGNITIONS

In 2015, Baiduri Bank Group received five major banking awards and recognitions. World Finance magazine awarded the Baiduri Bank Group the “Best Banking Group for Brunei 2015” for the seventh consecutive year; the Banker magazine awarded Baiduri Bank the “Bank of the Year 2015 for Brunei” for the ninth time; The Asian Banking and Finance magazine awarded Baiduri Bank the “Domestic Retail Bank of the Year for Brunei 2015” for the third consecutive year and the “Mobile Banking Initiative of the Year for Brunei 2015” while Global Finance magazine named Baiduri Bank “The Safest Bank in Brunei” for the second consecutive year.

Other recent awards include the “Company of the Decade 2001-2010” from World Finance in 2011 and the “Strongest Bank Balance Sheet 2013 for Brunei” and the “Best Retail Bank Brunei 2012” from the Asian Banker magazine. The Bank of America Merrill Lynch gave Baiduri Bank recognition as a “Leading Commercial Payment Partner Bank in Brunei” for achieving a Straight-Through Processing (STP) rate of 95% in December 2012.



AUDITORS

KPMG

CORPORATE SECRETARIAL SERVICE PROVIDER

Deloitte & Touche Management Services Pte Ltd

FINANCIAL Highlights

Year ended December 31, 2015

BANK OPERATING RESULTS

Year ended December 31

2015 2014

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

For the Year - Operating Results

| | | |
|---------------------------------------|---------|---------|
| Revenue ⁽¹⁾ | 118,258 | 108,917 |
| Net Income | 107,703 | 100,376 |
| Return on Assets | 1.78% | 1.45% |
| Return on shareholders' equity | 14.43% | 14.47% |
| Shares issued and paid (in thousands) | 150,000 | 100,000 |

At Year End

| | | |
|--------------------------------|-------|-------|
| Total Assets | 2,382 | 2,644 |
| Total Loans and advances (net) | 1,148 | 1,046 |
| Total deposits | 1,707 | 2,071 |
| Total shareholders' equity | 294 | 265 |

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⁽¹⁾Includes interest and non-interest income, excludes interest expenses

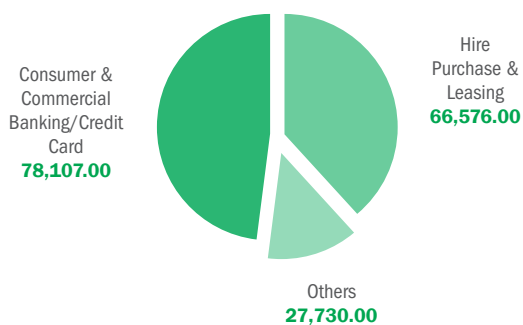
Capital Adequacy Ratios (Bank)

| | 2015 | 2014 | 2013 | 2012 |
|-----------------------|--------|--------|--------|--------|
| Tier 1 (Core Capital) | 18.18% | 16.83% | 19.46% | 15.60% |
| Total Capital | 17.54% | 15.89% | 18.88% | 14.53% |

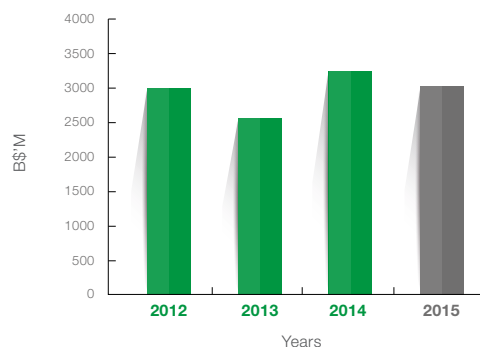
FINANCIAL Highlights

Year ended December 31, 2015

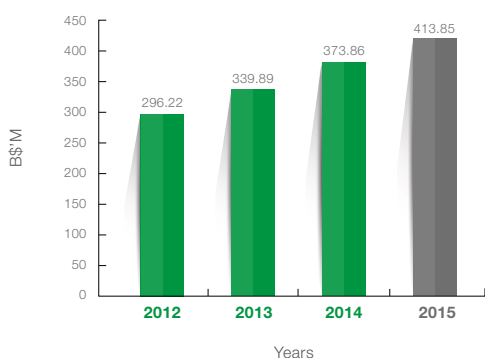
Group Total Revenue 2015 (\$'000)



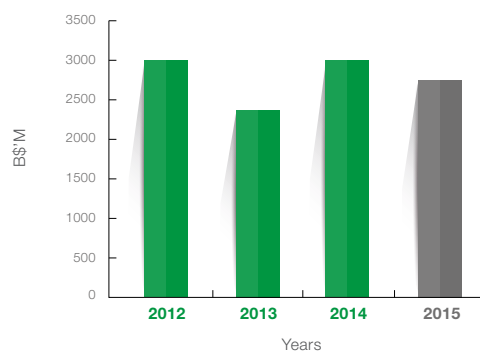
Group Assets



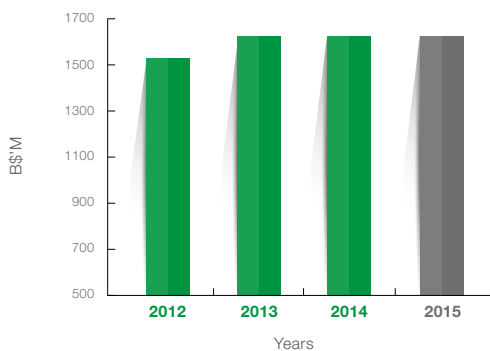
Group Shareholders' Funds



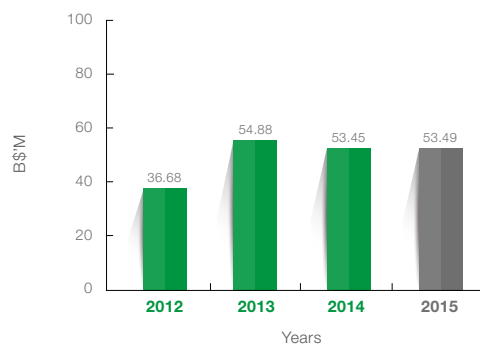
Group Customer Deposits



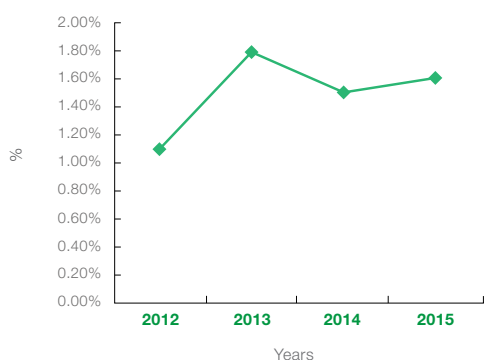
Group Customer Loans (net)



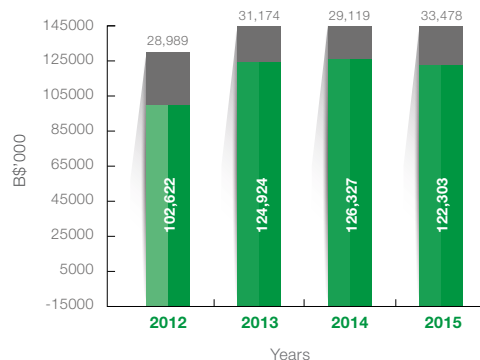
Group Net Profit After Tax



Group Return On Total Assets



Group Total Income



■ Non- Interest Income ■ Net Interest Income

CORPORATE

HIGHLIGHTS 2015



CORPORATE Highlights

“With 90% of businesses in Brunei comprising SMEs, Baiduri Bank focuses heavily on developing good relationships with SMEs and providing them with the best products and services.”



BRUNEI'S BANKING ENVIRONMENT

As oil and gas prices remain low, the banking environment in Brunei continues to be challenging due to expenditure reductions by Government and oil and gas companies. This, together with increased credit control regulations by the authorities, has limited opportunities for banks to grow despite the generally low loan-to-deposit ratios of banks in the country.

The Government's introduction of the Local Business Development (LBD) Programme in the Oil and Gas sector in 2014 which aimed to encourage players to utilize local resources has helped, to some extent, by opening up opportunities to local banks to finance more projects in the sector.

Despite this unfavourable outlook, the Bank was able to grow its business in 2015 and recorded satisfactory results. The following sections will provide snapshots of the highlights for Baiduri Bank and its subsidiaries in 2015.

CORPORATE BANKING

With 90% of businesses in Brunei comprising SMEs, Baiduri Bank focuses heavily on developing good relationships with SMEs and providing them with the best products and services. As a local bank with in-depth knowledge of the local environment, Baiduri Bank, in 2015, continued to provide financing to SMEs in the oil and gas sector, development projects and diversification projects to cater to the objectives of the government. Despite the slow economic environment, Baiduri Bank was still able to grow its total loan portfolio, recording an increase of 5% in 2015 over 2014.

RETAIL BANKING

Acquisition of United Overseas Bank Brunei Branch (UOB Brunei) Retail Portfolio

As part of Baiduri Bank's long term strategy of playing a leading role in the development of Brunei's financial sector and to strengthen and develop its Retail business, Baiduri Bank purchased UOB Brunei's Retail Banking Business in October 2015. This buyout was possible thanks to the high level of excess liquidity and strong capital base enjoyed by the Bank. We expect our Retail portfolio to grow with the downsizing of other foreign banks in the country.

CORPORATE Highlights

Wealth Management

During 2015, four Unit Trust funds were launched to add to the wide array of investment products available for our customers. The four Unit Trust funds are the following - the BlackRock China Fund, the BlackRock Global Allocation Fund, the BlackRock Global Equity Income Fund, and the BlackRock Asian Tiger Bond Fund. This helps Baiduri investors to diversify their investment portfolio, developing a better financial future. From 2016, unit trust products will be offered under the Bank's subsidiary, Baiduri Capital due to regulatory changes.

Business Banking Unit Launch

In April 2015, we established a new unit called Business Banking to take special care of SMEs. The Business Banking Unit serves to complement our Corporate Banking Department by tapping into the non-borrowing and small borrowing accounts while our Corporate Banking Department currently manages the well established businesses with the bank.

Services include card merchant services for the retailers, setting up of Baiduri Internet Gateway System (BIGS) which allows retailers to accept payment online from their customers, introduce our Business i-Banking to assist them in paperless transactions and assist them in SME credit facilities where eligible.



CONSUMER FINANCING

In 2015, Baiduri Finance continued to be the market leader in automobile financing with over 65% share in the Brunei market, based on the number of new vehicles being financed. The growth in volume and activities was made possible, thanks to the strong strategic partnership with prime automobile dealers and the fast approval process on loan applications, in addition to leveraging on Baiduri Bank's multi-channel delivery systems and support services.

Baiduri Finance continued to maintain its Quality Management System in compliance with requirements of International Organization for Standardization (ISO). It successfully completed the mandatory ISO recertification audit for the fourth cycle and was awarded the ISO 9001:2008 certification in May 2015. The company was first certified to ISO 9001:2000 in 2002.



Baiduri Finance's Management proudly displaying their ISO 9001:2008 certificate which they received in May 2015 for the fourth consecutive time.

In January 2015, to encourage savings among customers, Baiduri Finance held a 6-month long "Get Rewarded from Your Savings" promotion whereby customers who made deposits of fresh funds of BND 5,000 or more into their Multi-Tier Savings Account (MTSA) get the chance to win cash prizes of BND 4,000, BND 3,000, BND 2,000 and BND 1,000 in the monthly draws and be in the running to win the top prizes of BND 50,000, BND 10,000 and BND 5,000 in the grand draw at the end of the promotion period.

CORPORATE Highlights

In 2015, Baiduri Finance relocated its Bluecard and Insurance Centre at Sumbangsih Bahagia to bigger premises within the same building, with dedicated counters for bluecard withdrawal, road tax renewals and insurance renewals all under one roof, thus providing one-stop convenience to customers for their road tax and insurance renewal needs. A new Used Car Section was introduced, providing dedicated service counters and a car inspection area for customers interested in purchasing used cars. The Baiduri Finance's Smart Executive Centre was also upgraded with teller counters added to exclusively cater to Baiduri Finance Smart Executive members.

BAIDURI CAPITAL

To comply with the Securities Market Order 2013 and the Securities Market Regulations 2014, a new subsidiary, Baiduri Capital, was set up for the purpose of offering capital market services and securities trading.

Baiduri Capital began operations in June 2015 providing securities trading services in international stock markets via its innovative online portal, the first and only in the Brunei market, tapping into the growing segment of highly educated young professionals and investors who are keen to explore the international securities market. Dealer assisted trading is also available.

Initially providing access to SGX (Singapore), HKEx (Hong Kong) and Bursa Malaysia, the US Stock Market will be added in March 2016. Unit Trust products, previously offered under Baiduri Bank's Wealth Management Centre, will be transferred to and offered under Baiduri Capital in early 2016.



Hj Haliluddin Dato Talib, Baiduri Finance's General Manager presenting the grand prize to the winner of the "Get Rewarded from your Savings" Promotion on Multi-Tier Savings Account (MTSA).



The guest of honour at the Official Launching of Baiduri Capital, Pehin Orang Kaya Indera Pahlawan Dato Seri Setia Awang Haji Suyoi bin Haji Osman, Deputy Chairman at Autoriti Monetari Brunei Darussalam signing a plaque during the opening ceremony.



A viewing gallery in Baiduri Capital provides customers real-time access to movements in the stock markets of SGX, HKEx and Bursa Malaysia. There are plans to add the US Stock Markets in early 2016.

CORPORATE Highlights

The first batch of senior financial planners from Baiduri Bank will graduate in early 2016 with Capital Market Services Representative License (CMSRL), a regulatory prerequisite for offering services in securities trading, investment advice and sale of unit trusts.

STRATEGIC INVESTMENTS IN LEADING-EDGE TECHNOLOGY

Technology is an integral part of any business. The Bank's focus is very much on resilience, performance, security, efficiency and cost. In 2015, to increase protection against fraud for cardholders and to provide an even higher level of service to online merchants and customers, Baiduri Bank undertook several system enhancement projects:

Online Security

Online security has always been a top priority for Baiduri Bank in order to combat potential online fraud and protect our cardholders. In 2015, Baiduri Bank launched its Secure Online Payment Service (3D Secure), where all Baiduri Visa and MasterCard credit, debit and prepaid cardholders will be registered automatically with 3D Secure. This makes online shopping transactions safer as the extra card verification step, a One-Time-Password (OTP), is added when something is purchased online, through Verified by Visa (VCAS) or MasterCard SecureCode. The OTP will be sent to the cardholder's registered mobile phone number via SMS, helping to confirm that the person using the card is the genuine cardholder.

Payment Card Data Security Standard (PCI-DSS) Certification

Baiduri Bank is the first and only bank in Brunei to have achieved the internationally recognized Payment Card Industry Data Security Standard, PCI-DSS, certification for card payment systems and processes. First obtained in December 2014 (Version 2.0), the programme was continually upgraded, and was certified to Version 3.1 in November 2015, reflecting our commitment to always have the highest data security standard.

The certification was awarded by ControlCase, a global provider of Compliance, Information Security and Risk Management Solutions. PCI-DSS provides a baseline of technical and operational requirements designed to protect cardholder data. This standard has been endorsed by major card brands (Visa Inc, MasterCard Worldwide, Discover Network, American Express and JCB) to safeguard customer information and ensures that merchants and service providers meet and maintain stringent security standards when processing and transmitting cardholder data. This certification is our assurance to our customers and stakeholders that we take their privacy and data security very seriously.



Baiduri Bank is the first and only bank in Brunei to receive the internationally recognized PCI-DSS certification for data security standards.

CORPORATE Highlights

ENHANCING CUSTOMER EXPERIENCE INITIATIVES

In 2015, Baiduri Bank continued its drive to improve customer experience to differentiate from competitors. Besides leveraging on the latest advances in financial technology, the Bank also focused on enhancements to its many customer touch points, such as the branches, ATM machines as well as its front liners at branches.

Enhanced Baiduri Online Banking

In 2015, we worked on enhancing the Baiduri Online Banking to provide greater convenience and improve versatility for users. A new feature is the Vehicle Hire Purchase payment which can show updates in real time. There is also an option to simultaneously make payments to multiple payees. 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 transfer, a dual factor authentication in the form of a One Time PIN (OTP) sent by SMS to the accountholder will also be introduced. The enhanced version was launched in January 2016.

Premises Upgrade

At Baiduri Bank, we constantly seek to upgrade our branches, products and services to meet evolving customer needs. In 2015, two newly renovated branches were reopened after extensive renovation as part of Baiduri Bank's branch network reconfiguration project which seeks to revitalize each branch to suit the market demographic segment.

The first was the relocation of our branch at Muara town from Bangunan Tiga Tingkat to the Al-Warrasah Building. The new branch is twice as large and has twice the amount of staff compared to the previous location, offering full banking service to businesses and individuals as well as free financial planning consultation. The branch is the first ever bank branch in Brunei to adopt the cafe branch concept. Partnering with an international franchise, the coffeehouse is located adjacent to the banking hall. The aim is to provide a nice cafe atmosphere where customers can purchase coffee and small bites and relax, while visiting the bank.



As an additional security feature for online fund transfer, a dual factor authentication in the form of a One Time PIN (OTP) sent to the accountholder by SMS will be introduced in early 2016.



CEO of Baiduri Bank, Mr Pierre Imhof (centre) having coffee at the adjoining café together with the Guest of Honour, Awang Mohd Riza bin Dato Paduka Hj Mohd Yunus, Acting Permanent Secretary at the Ministry of Communications (left) during the Official Opening of the Muara Branch.

CORPORATE Highlights

We also re-launched our branch in The Mall, Gadong following major renovation and upgrading works. The refurbished branch features modern and contemporary decor to reflect the dynamism and innovative spirit of Baiduri Bank. The upgraded premises also offers free Wi-Fi connection to customers as well as more ATMs to cater to the growing number of customers transacting electronically.

The investments we have been making into our branches are aimed to provide a more welcoming environment for customers to carry out their banking transactions as well as making the working environment more conducive for our staff.

Relocation of Self-Service Branch @ Beribi

Our self-service branch at Sumbangsih Bahagia, Beribi was relocated to bigger premises within the same building to remain close to the Baiduri Finance Head Office. Equipped with energy saving equipment and devices, the lobby area was designed to cater to the banking and business needs of Baiduri Finance's hire purchase clients. Open 24 hours every day and equipped with full service ATMs, which includes cash and cheque deposit facilities, the new self-service branch is not only more spacious, it provides customers a higher level of privacy and comfort when carrying out their banking transactions.

New ATM @ Universiti Brunei Darussalam

An automated teller machine (ATM) at The Core, Universiti Brunei Darussalam (UBD) was rolled out. Aimed mainly to serve students and faculty members from UBD and nearby ITB, as well as residents around the area, the ATM functions include cash withdrawals, bill payments as well as prepaid top ups for mobile phones, electricity and Baiduri MasterCard Cashcard. The provision of an ATM at UBD reflects the Bank's objective of providing convenient access to our banking facilities for all segments of the population.



Several customers who had been with Baiduri Bank since its inception were given the honours for launching the newly renovated Mall Branch. The picture shows the customers together with Baiduri Bank's CEO and senior executives of the bank.



The self-service branch at Sumbangsih Bahagia is equipped with full service ATMs which include cash and cheque deposit facilities.

CORPORATE Highlights

HUMAN RESOURCES

At the end of 2015, Baiduri Bank Group employed 705 staff members. During the year, development programmes in customer service, product knowledge and technical competency were further strengthened especially with the launch of the Essential Service Culture Programme in Retail Banking targeting at raising the professional standards of our frontline staff at all branches.

With an increased focus in financial planning, twenty-one of our staff members successfully completed the Financial Planning Practitioners' Programme (FPPP) course organized by the Centre for Islamic Banking, Finance and Management (CIBFM). As a result, thirteen of these staff qualified to attain the prominent Capital Market Services Representative Licence (CMSRL) which is a local regulatory requisite to market Baiduri Capital's investment products to customers.

A total of 191 training programmes comprising in-house, local and overseas training were organized boosting the average number of training days attended by each staff to 5.4 days compared to 5.18 days in the previous year.

In an endeavour to enhance human capacity and promote banking as a career, the Baiduri Bank Group regularly participates in career fairs to promote Baiduri as a preferred employer. In 2015, these included fairs hosted by Universiti Brunei Darussalam (UBD), Institut Teknologi Brunei (ITB) and various government bodies such as the Agensi Pekerjaan Tempatan & Pembangunan Tenaga Pekerja (APTK) and Institute of Brunei Technical Education (IBTE).

The Baiduri Bank Group also participated in career road shows in several schools such as Maktab Duli, Sekolah Perdagangan and PTE Sengkurong.



Twenty-one Baiduri staff members received their certificates after successfully completing the Financial Planning Practitioners' Programme (FPPP) course at the Centre for Islamic Banking, Finance and Management (CIBFM) in 2015.



One of the many career fairs that were held during the year to promote a career in Baiduri Bank.

CORPORATE Highlights

CORPORATE SOCIAL RESPONSIBILITY

At Baiduri Bank, we believe that giving back to our community is one of the key components of our social responsibility. We do this through our own resources or as a collective effort with our friends and loyal customers.

In 2015, several initiatives were carried out as part of our CSR programme:

Sustainability

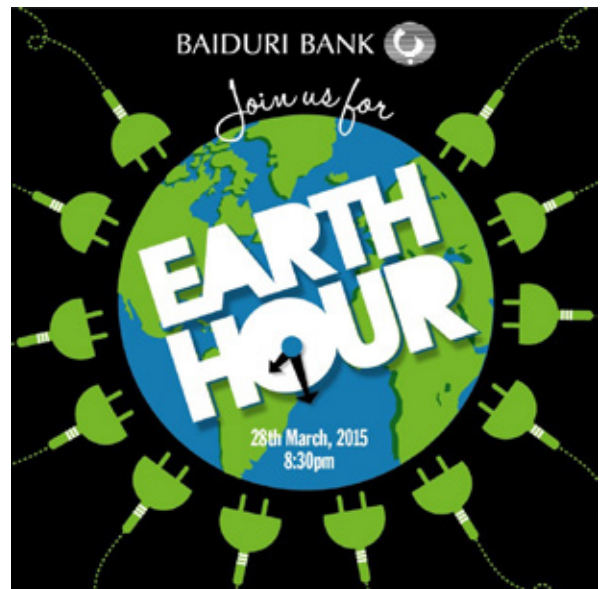
Caring for the Environment

Baiduri Bank Group joined the global community in observance of Earth Hour on 30th March 2015 where we switched off signage and other non-essential lights at our branches from 8:30pm to 9:30pm. Keeping with the theme, 'Uniting people to protect the planet', Baiduri staff and family members joined the millions of people around the world in the World Wild Life Fund for Nature (WWF) initiative aimed at raising awareness of climate change and energy conservation. This was done by having our employees switch off their lights and non-essential appliances, electronic devices and gadgets at their homes to conserve energy. By taking part in these initiatives, we at Baiduri Bank Group, hope that these small but repeated actions we take in supporting this cause will encourage others to do the same.

A Helping Hand For Those In Need

Bruneian Art for Charity

We successfully hosted our very first art auction, called "Bruneian Art for Charity" in January 2015. Whilst providing much needed exposure for our local artists, we hoped to heighten the interest in this market and encourage these artists to continue pursuing their passion; all while raising money for charity. The proceeds of the art auction went directly to the artists and the charities chosen by the buyers. The charities supported by the art auction were SMARTER Brunei, KACA Brunei, YASKA, Learning Ladders Society and the Child Development Centre.



Baiduri Bank CEO Mr Pierre Imhof thanking a buyer of the art pieces during the "Brunei Art for Charity" Auction.



Some of the artists who benefitted from the Bruneian Art for Charity auction with Baiduri Bank's CEO, Mr Pierre Imhof and senior executives of the Bank.

CORPORATE Highlights

The Baiduri Masters Charity Golf Tournament

The Baiduri Masters celebrated its 20th edition in 2015 and it will be remembered not for this milestone but as the year that recorded a rare three (3) hole-in-ones. Two amateur golfers landed a hole-in-one in the same Hole 2 and shared their winnings - a Porsche Panamera. This was the first time where we had two hole-in-ones in the same hole at the same tournament over one weekend.



From proceeds of the Baiduri Masters 2015, BND 80,000 was donated to five charity organizations that support children with special needs.

The other hole-in-one winner aced Hole 16, making him the first ever player to win the BND 20,000 cash prize. Overall, BND 80,000 was raised and donated to five charity organisations - Pusat Ehsan Al-Ameerah Al-Hajjah Maryam, SMARTER Brunei, The Learning Ladders Society, the Child Development Centre, and YASKA. The Baiduri Masters is acknowledged as the biggest and most prestigious annual golfing event in Brunei, and is organised by Baiduri Bank Group with the support of event partners QAF Auto Sdn Bhd, QAF Eurokars Sdn Bhd, QAF Brunei, Brunei Press Sdn Bhd and RBA Golf Club Sdn Bhd.

Community Development

Universal Children's Day

The Universal Children's Day is a UNICEF initiative dedicated to creating awareness of the rights of children worldwide. In Brunei, it is hosted annually by the Community Development Department of the Ministry of Culture, Youth and Sports with Baiduri Bank as the main sponsor. In 2015, the celebration was themed "S.M.A.R.T Choices for A Better Future", focusing on protecting children from sexual exploitation and to increase awareness on the effects of unsafe online practices. The event was held at the Dewan DiGadong, Ministry of Culture Youth and Sports. Educational games and a question and answer session were organised for the children in order to instil the important values based on the theme. Since 2008, Baiduri Bank has annually sponsored the Universal Children's Day as a commitment to developing the local community.



A game in progress during the Universal Children's Day event held at the Ministry of Culture, Youth and Sports. This event is supported annually by Baiduri Bank.

CORPORATE Highlights

Helping To Build A Financially Savvy Population

Baiduri Bank has long been a strong supporter of the Brunei Government's effort to create a financially savvy population and have continuously advocated financial planning as a tool in managing and growing personal wealth. Among the initiatives undertaken by the Bank in 2015 were:

Junior Achievement Programme

To instil the spirit of entrepreneurship among school children and to develop Baiduri Bank as a preferred bank in the future, Baiduri Bank has, since 2012, been partnering in the Junior Achievement Programme in collaboration with the Ministry of Education (MOE). Besides being a major financial sponsor, Baiduri Bank's staff members volunteer at schools to develop financial literacy, work readiness and entrepreneurship among secondary school students in Brunei.

Global Money Week

The year's theme for Global Money Week was "Save Today, Safe Tomorrow". To encourage financial planning among students in Brunei, Baiduri Bank was the main sponsor of the Global Money Week 2015. At this event, more than 100 students from various secondary schools joined the various categories such as a banner-making contest and the Financial ExploRace.

Finance Planning and Lifestyle Talk

In order to keep encouraging and helping Bruneians to develop good financial planning habits, our Wealth Management Centre conducted a Financial Planning and Lifestyle talk for some 110 students at Sekolah Perdagangan (Business School). The talk emphasised the importance of financial planning to achieve financial success in life and outlined how students can benefit from suitable banking products such as the 4U Value Pack which was specifically designed with students needs in mind.



Two Baiduri Bank employees facilitating a Junior Achievement (JA) Company Programme session. Baiduri Bank is a partner in the JA programme which aims to instill the spirit of entrepreneurship among school children.



Students from a winning team with the Guest of Honour, Hj Abd Rahman bin Hj Nawawi, Director of Curriculum Development Dept, Ministry of Education (in red jacket) and Baiduri Bank's representative (in green top) at the end of the Global Money Week event. The event was sponsored by Baiduri Bank.

CORPORATE Highlights

AMBD Day Booth: “Facilitating your Financial Future”

We set up a cafe concept booth at the inaugural AMBD Day roadshow called “Facilitating your Financial Future”. Activities at the roadshow centred around educating the public on financial literacy as well as management. Professional financial planning advisers from the Wealth Management Centre provided free consultation on savings and protection, such as financial planning health check, retirement calculator as well as a gap analysis. Our ultimate aim was to help Brunei’s working population achieve financial stability through savings and sound financial management through the array of financial solutions offered by the Bank.



A financial planner from Baiduri Bank giving financial planning and lifestyle tips to students at a local educational institution. Baiduri Bank is a strong supporter of the Government’s efforts to instill financial literacy and a savings culture among Bruneians.



At the inaugural AMBD Day Roadshow, professional financial planning advisers from the Wealth Management Centre provided free consultation on savings and protection, such as financial planning health check, retirement calculator as well as a gap analysis.

CORPORATE Highlights

INTERNATIONAL AWARDS & RECOGNITION

In 2015, Baiduri Bank Group received five major banking awards and recognition.

Best Banking Group for Brunei 2015

For the seventh consecutive year, World Finance Magazine has awarded Baiduri Bank Group, the Best Banking Group for Brunei 2015. This prestigious award demonstrates the consistently high performance and commitment Baiduri Bank Group in attaining operational excellence. The World Finance award selection panel has used a wide range of criteria to reach its decision. Some of the more important factors included: customer solutions and relationship optimization, innovation and flexibility, keeping ahead of the competition, market leadership and geographical spread, proof of development and positive media coverage.



Mr Pierre Imhof, Baiduri Bank's CEO receiving the award from Ms Jenny Hammond of World Finance Magazine at the London Stock Exchange.

Bank of the Year for Brunei 2015

We ended 2015 on a high note when we received the Bank of the Year for Brunei award from The Banker magazine. The Banker's 'Bank of the Year Awards' is often regarded as the "Oscars of the Banking Industry". Thus, being a ten-time recipient of this award shows testament to our strong management, sound business model and prudent risk approach. The Banker Awards 2015 was held at Hilton London Bankside, London on 2 December. Mr Pierre Imhof, CEO of Baiduri Bank received the coveted award at the annual awards ceremony.



Mr Pierre Imhof, CEO of Baiduri Bank (centre) receiving the 'Bank of the Year' award from Mr Michael Buerk of BBC (left). On the right is Stefania Palma, Asia Editor of The Banker magazine.

CORPORATE Highlights

Domestic Retail Bank of the Year for Brunei 2015

The Asian Banking and Finance Magazine awarded Baiduri Bank the “Domestic Retail Bank of the Year for Brunei 2015” for the third consecutive year. Despite a challenging economic environment and competitive market, we have been able to sustain growth by introducing new products and services to meet the needs and demands of different customer segments. The Bank is also constantly enhancing its existing product and service offerings to serve their customers better.

Mobile Banking Initiative of the Year for Brunei 2015

For the first time, we were awarded “Mobile Banking Initiative of the Year for Brunei 2015” by The Asian Banking and Finance Magazine. At Baiduri Bank, we recognise that mobile technology is increasingly a preferred method of communication, and so we have accommodated these areas of customer needs by launching two apps, namely Baiduri Personal i-Banking and Baiduri Deals which were launched in 2013 but are constantly upgraded. The Baiduri Personal i-Banking app complements the Bank’s current web-based i-Banking application which gives customers a sense of familiarity, comfort and assurance. The Baiduri Deals app is a lifestyle app and is the first marketing app in Brunei that dispenses e-coupons which are redeemable for good and services or discounts at selected merchant outlets.



In 2015, Baiduri Bank received two banking awards from the Asian Banking & Finance Magazine: ‘The Domestic Retail Bank of the Year for Brunei’ and the ‘Mobile Banking Initiative of the Year’ for Brunei. The awards were presented by Mr Tim Charlton (centre), Editor-in-Chief of the publication and received by Pg Azaleen Pg Dato Mustapha, Head of Retail Banking of Baiduri Bank (right).

Safest Bank in Brunei 2015

For the second consecutive year, Baiduri Bank has been named “The Safest Bank in Brunei 2015” by leading international finance magazine, Global Finance. This award is another testament to our strong business performance and risk management. It is also a strong recognition of the tremendous effort put in over the years to strengthen the equity and balance sheet of the Bank.



S&P Rating

In September 2015, Standard & Poor’s assigned Baiduri Bank a rating of BBB/A-2.

FINANCIAL STATEMENTS

2015



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, 2015.

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, 2014 | 32,517 | 117,025 |
| Total Profits for the financial year | 42,454 | 53,488 |
| Transferred from Retained profits to: | | |
| -Statutory Reserve | (10,662) | (14,346) |
| -Share Capital | (16,000) | (16,000) |
| Dividend paid | (13,500) | (13,500) |
| Balance as at December 31, 2015 | 34,809 | 126,667 |

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, 2015 is set out in the Statement of Financial Position. These financial statements were approved by the Board of Directors on February 18, 2016.

DIVIDEND

| | |
|--|-------------------|
| Dividend paid in respect of the financial year ended December 31, 2014 | B\$ 13,500,000 |
|--|-------------------|

At the forthcoming Annual General Meeting, a total dividend of B\$14,150,000 in respect of the current financial year ended December 31, 2015 will be proposed for shareholders' approval.

REPORT OF THE Directors

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

Dr. YAM Pengiran Muda Abdul Fattaah

YM Dato Paduka Timothy Ong Teck Mong

Haji Abu Bakar Bin Ibrahim

Haji Zakaria Bin Haji Serudin

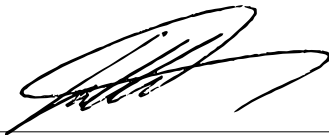
Francis Gerard Caze

Bertie Cheng Shao Shiong

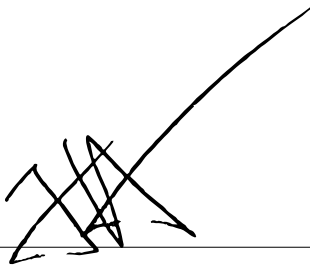
AUDITORS

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

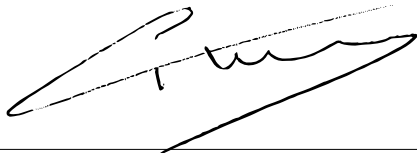
ON BEHALF OF THE BOARD



DIRECTOR



DIRECTOR



DIRECTOR

Brunei Darussalam
Date: 18 February 2016

REPORT OF THE Auditor

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying 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 2015, the statements of profit and 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 comprising a summary of significant accounting policies.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (“the Act”) and international Financial Reporting Standards, 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

REPORT OF THE Auditor

OPINION

In our opinion:

- (a) the consolidated financial statements of the Group and the financial statements of the Bank are properly drawn up in accordance with the provisions of the Act and International Financial Reporting Standards, including the modification of IAS 39 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, to give a true and fair view of the financial position of the Group and the Bank as at 31 December 2015, and the results, changes in equity and cash flows of the Group and the Bank for the year ended on that date according to the best of our information and the explanations given to us and as shown by the books of the Group and the Bank; and
- (b) we have obtained all the information and explanations that we required.



KPMG

Certified Public Accountants



HJ SHAZALI BIN DATO HJ SULAIMAN

Public Accountant

Brunei Darussalam

Date: 18 February 2016

STATEMENT OF Profit Or Loss

For the year ended December 31, 2015

| | Bank | | | Group | | |
|--|------------------|------------------|---------|------------------|------------------|---------|
| | 2015 B\$ '000 | 2014 B\$ '000 | Change | 2015 B\$ '000 | 2014 B\$ '000 | Change |
| Income | | | | | | |
| Interest Income | 72,007 | 68,182 | 5.61% | 138,620 | 140,366 | -1.24% |
| Interest Expense | (10,247) | (8,271) | 23.89% | (16,317) | (14,039) | 16.23% |
| Net Interest Income | 61,760 | 59,911 | 3.09% | 122,303 | 126,327 | -3.19% |
| Fee Income | 9,163 | 9,249 | -0.93% | 9,182 | 9,249 | -0.72% |
| Fee Expense | (308) | (270) | 14.07% | (315) | (270) | 16.67% |
| Net Fee Income | 8,855 | 8,979 | -1.38% | 8,867 | 8,979 | -1.25% |
| Other Operating Income | 37,401 | 31,955 | 17.04% | 24,924 | 20,609 | 20.94% |
| Net Income from Other Financial Instruments at Fair Value through Profit or Loss | (313) | (469) | -33.26% | (313) | (469) | -33.26% |
| Net Other Operating Income | 37,088 | 31,486 | 17.79% | 24,611 | 20,140 | 22.20% |
| Total Operating Income | 107,703 | 100,376 | 7.30% | 155,781 | 155,446 | 0.22% |
| Less: | | | | | | |
| Personnel Expenses | (25,937) | (24,222) | 7.08% | (30,730) | (28,828) | 6.60% |
| Provision for End of Service Benefits | (1,100) | (600) | 83.33% | (1,388) | (888) | 56.31% |
| Other Overhead expenses | (22,466) | (23,710) | -5.25% | (46,187) | (47,507) | -2.78% |
| Total Operating Expenses | (49,503) | (48,532) | 2.00% | (78,305) | (77,223) | 1.40% |
| Less: | | | | | | |
| Impairment losses for Loans | (8,415) | (7,346) | 14.55% | (10,631) | (12,224) | -13.03% |
| Loans / Financing written off | (11) | (17) | -35.29% | (11) | (17) | -35.29% |
| Total Impairment charges and Provisions | (8,426) | (7,363) | 14.44% | (10,642) | (12,241) | -13.06% |
| Profit before Taxation | 49,774 | 44,481 | 11.90% | 66,834 | 65,982 | 1.29% |
| Less: Income Tax Expense | (7,320) | (6,103) | 19.94% | (13,346) | (12,529) | 6.52% |
| Profit after Taxation / Profit for the Year | 42,454 | 38,378 | 10.62% | 53,488 | 53,453 | 0.07% |

STATEMENT OF Other Comprehensive Income

For the year ended December 31, 2015

| | Bank | | Group | |
|--|------------------|------------------|------------------|------------------|
| | 2015 B\$ '000 | 2014 B\$ '000 | 2015 B\$ '000 | 2014 B\$ '000 |
| Profit after Taxation / Profit for the Year | 42,454 | 38,378 | 53,488 | 53,453 |
| Other Comprehensive income | - | - | - | - |
| Total Comprehensive Income for the Year | 42,454 | 38,378 | 53,488 | 53,453 |

STATEMENT OF Financial Position

For the year ended December 31, 2015

| | Bank | | | Group | | |
|---|------------------|------------------|----------------|------------------|------------------|---------------|
| | 2015 B\$ '000 | 2014 B\$ '000 | Change | 2015 B\$ '000 | 2014 B\$ '000 | Change |
| ASSETS | | | | | | |
| Cash and Short Term Funds | 840,346 | 1,127,566 | -25.47% | 843,933 | 1,132,615 | -25.49% |
| Balances with AMBD | 117,290 | 119,928 | -2.20% | 175,375 | 175,737 | -0.21% |
| Derivative Assets | 7 | 112 | -93.75% | 7 | 112 | -93.75% |
| Government Sukuk | 9,922 | - | 100% | 9,922 | - | 100% |
| Investment Securities | 196,590 | 289,771 | -32.16% | 196,590 | 289,771 | -32.16% |
| Loans and Advances | 1,147,787 | 1,046,045 | 9.73% | 2,036,487 | 1,939,254 | 5.01% |
| Investments in Subsidiaries | 27,449 | 27,449 | 0.00% | - | - | - |
| Property, Plant and Equipment | 31,195 | 17,922 | 74.06% | 32,374 | 18,734 | 72.81% |
| Other Assets | 11,832 | 14,733 | -19.69% | 46,688 | 52,877 | -11.70% |
| Total Assets | 2,382,418 | 2,643,526 | -9.88% | 3,341,376 | 3,609,100 | -7.42% |
| LIABILITIES AND EQUITY | | | | | | |
| Deposits from Customers | 1,707,272 | 2,070,548 | -17.54% | 2,688,837 | 2,993,961 | -10.19% |
| Deposits from Banks and Other Financial Institutions | 200,399 | 172,526 | 16.16% | 38,450 | 79,695 | -51.75% |
| Derivative Liabilities | 243 | 1,514 | -83.95% | 243 | 1,514 | -83.95% |
| Borrowings | 98,950 | 66,138 | 49.61% | 98,950 | 66,138 | 49.61% |
| Group Balances Payable | 9,956 | 1,777 | 460.27% | - | - | - |
| Other Liabilities | 49,808 | 46,106 | 8.03% | 56,896 | 51,754 | 9.94% |
| Deferred Taxation | 10,778 | 10,778 | 0.00% | 10,825 | 10,825 | 0.00% |
| Provision for Taxation | 10,839 | 8,919 | 21.51% | 33,322 | 31,348 | 6.30% |
| Total Liabilities | 2,088,245 | 2,378,306 | -12.20% | 2,927,523 | 3,235,235 | -9.51% |
| SHAREHOLDERS' EQUITY | | | | | | |
| Share Capital | 150,000 | 100,000 | 50.00% | 150,000 | 100,000 | 50.00% |
| Statutory Reserves | 104,211 | 113,549 | -8.22% | 132,032 | 137,686 | -4.11% |
| Other Reserves | 39,962 | 51,671 | -22.66% | 131,821 | 136,179 | -3.20% |
| Total Shareholders' funds / Total Equity | 294,173 | 265,220 | 10.92% | 413,853 | 373,865 | 10.70% |
| Total Liabilities and Equity | 2,382,418 | 2,643,526 | -9.88% | 3,341,376 | 3,609,100 | -7.42% |

Off Balance Sheet items:

| | | | | | | |
|--|-----------|-----------|--------|-----------|-----------|--------|
| COMMITMENTS AND CONTINGENCIES | 1,951,065 | 1,981,720 | -1.55% | 1,951,065 | 1,981,720 | -1.55% |
|--|-----------|-----------|--------|-----------|-----------|--------|

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



DIRECTOR



DIRECTOR



DIRECTOR

STATEMENT OF Changes in Equity

For the year ended December 31, 2015

| BANK | Share Capital B\$'000 | Statutory Reserve B\$'000 | General Reserve B\$'000 | Retained Profits B\$'000 | Total Equity B\$'000 |
|------------------------------------|-----------------------------|---------------------------------|-------------------------------|--------------------------------|----------------------------|
| Balance as at 01/01/2014 | 100,000 | 102,389 | 14,154 | 23,099 | 239,642 |
| Net profit for 2014 | - | - | - | 38,378 | 38,378 |
| Transfer during the year | - | 11,160 | 5,000 | (16,160) | - |
| Dividend paid | - | - | - | (12,800) | (12,800) |
| Balance as at 31/12/2014 | 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 |

| GROUP | Share Capital B\$'000 | Statutory Reserve B\$'000 | General Reserve B\$'000 | Retained Profits B\$'000 | Total Equity B\$'000 |
|------------------------------------|-----------------------------|---------------------------------|-------------------------------|--------------------------------|----------------------------|
| Balance as at 01/01/2014 | 100,000 | 124,315 | 14,154 | 94,743 | 333,212 |
| Net profit for 2014 | - | - | - | 53,453 | 53,453 |
| Transfer during the year | - | 13,371 | 5,000 | (18,371) | - |
| Dividend paid | - | - | - | (12,800) | (12,800) |
| Balance as at 31/12/2014 | 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 |

STATEMENT OF Cash Flows

For the year ended December 31, 2015

| | Bank | | Group | |
|---|------------------|------------------|------------------|------------------|
| | 2015 B\$ '000 | 2014 B\$ '000 | 2015 B\$ '000 | 2014 B\$ '000 |
| Cash flows from operating activities | | | | |
| Profit before tax: | 49,774 | 44,481 | 66,834 | 65,982 |
| <i>Adjustments for non-cash items:</i> | | | | |
| Depreciation of Property, plant and equipment | 3,913 | 4,778 | 4,320 | 5,230 |
| Net gain on disposal of Property, plant and equipment | (48) | (1) | (69) | (32) |
| Net loss / (gain) on financial instruments at fair value through profit or loss | 313 | 469 | 313 | 469 |
| Impairment losses for loans | 8,415 | 7,346 | 10,631 | 12,224 |
| Operating profit before change in operating assets and liabilities | 62,367 | 57,073 | 82,029 | 83,873 |
| <i>Change in Operating assets and liabilities:</i> | | | | |
| Placements with Banks | 44,252 | (186,324) | 44,252 | (186,324) |
| Balances with Autoriti Monetari Brunei Darussalam | 2,638 | 24,616 | 362 | 24,101 |
| Derivative assets | 105 | 212 | 105 | 212 |
| Loan and advances | (110,157) | (131,681) | (107,864) | (212,444) |
| Other assets | 2,901 | (9,843) | 6,189 | (9,232) |
| Deposits from customers | (363,060) | 616,518 | (304,908) | 622,360 |
| Deposits from banks and other financial institutions | 27,873 | 19,401 | (41,245) | 67,997 |
| Derivative liabilities | (1,271) | 1,423 | (1,271) | 1,423 |
| Other liabilities | 11,881 | (2,333) | 5,142 | 543 |
| Cash (used in)/from operating activities | (322,471) | 389,062 | (317,209) | 392,509 |
| Income tax paid | (5,401) | (6,677) | (11,372) | (9,906) |
| Net cash (used in)/from operating activities | (327,872) | 382,385 | (328,581) | 382,603 |
| Cash flow from Investing activities | | | | |
| Purchase of property, plant and equipment | (17,206) | (4,407) | (17,981) | (4,976) |
| Proceeds from disposal of property, plant and equipment | 68 | 23 | 90 | 90 |
| Net investments | 82,729 | 4,403 | 82,729 | 6,603 |
| Net cash from Investing activities | 65,591 | 19 | 64,838 | 1,717 |
| Cash flow from financing activities | | | | |
| Net increase in borrowings | 32,812 | 61,064 | 32,812 | 61,064 |
| Dividends paid | (13,500) | (12,800) | (13,500) | (12,800) |
| Net cash from financing activities | 19,312 | 48,264 | 19,312 | 48,264 |
| Net change in cash and cash equivalents | (242,969) | 430,668 | (244,431) | 432,584 |
| Cash and cash equivalents at 1 January | 845,490 | 414,822 | 850,539 | 417,955 |
| Cash and cash equivalents at 31 December | 602,521 | 845,490 | 606,108 | 850,539 |

BAIDURI BANK

Offices, Branches & ATM Network

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 (self-service)

Unit 16-17, Ground Floor, Sumbangsih Bahagia
Kompleks Perindustrian Beribi
Bandar Seri Begawan BE1118
Tel No: 226 8300
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 10, Ground & 1st Floor, Seri Kiulap Complex
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-Warasa 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: 226 8300
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

BAIDURI BANK

Offices, Branches & ATM Network

WEALTH MANAGEMENT CENTRE

Unit 10, Level 2, Seri Kiulap Complex
Kg Kiulap, Bandar Seri Begawan
Tel No: 223 2154 / 56 / 57
Fax No: 223 2155

CORPORATE BANKING CENTRES

Kiarong Branch

Block A, Units 1-2, 2nd Floor, Kiarong Complex
Lebuhraya Sultan Hassanah 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

BUSINESS SERVICES CENTRE

Block B, Ground Floor, Unit 4, Kiarong Complex
Lebuhraya Sultan Hassanah Bolkiah BE1318
Tel No: 226 8300
Fax No: 245 5599

E-BANKING CENTRE

Block B, Unit 4, 1st Floor, Kiarong Complex
Lebuhraya Sultan Hassanah Bolkiah BE1318
Tel No: 242 5644 (during Banking hours)
Fax No: 242 5741
Email: ebanking@baiduri.com

PRESTIGE CENTRES

Kiarong Branch

Unit 1, Block A, Kiarong Complex
Lebuhraya Sultan Hassanah 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 10, 1st Floor, Seri Kiulap Complex
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 BANK

Offices, Branches & ATM Network

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

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 Hassanah Bolkuah
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

CALL CENTRE 244 9666

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24-HOUR HOTLINE 245 4222

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