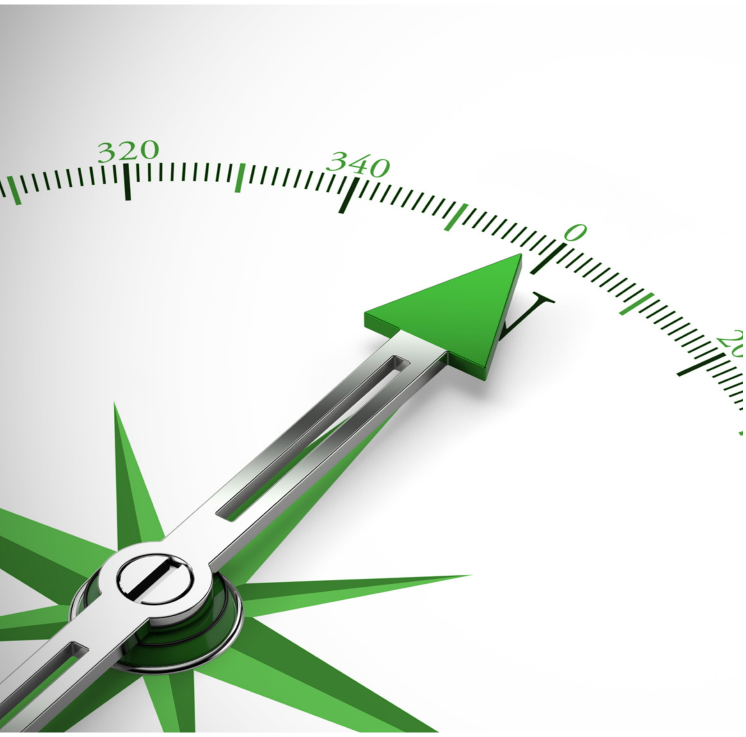
BAIDURI BANK

Annual Report

2019



our vision

To be the leading banking and financial group in Brunei Darussalam

our 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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annual report 2019

CHAIRMAN'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 31 December 2019."

THE BANKING ENVIRONMENT IN BRUNEI

The economy grew by 3.9% in 2019 recording a GDP of B$18,400 million as energy export volumes and investment activities recovered, supported by the progress of diversification projects.

The country has sound financial and banking sectors with both capital adequacy and liquidity ratios well above the minimum requirements.

In December 2018, the Autoriti Monetari Brunei Darussalam (AMBD) revealed the 'Digital Payment Roadmap for Brunei Darussalam 2019 – 2025' as part of a number of strategic initiatives to drive digital transformation in the domestic payment industry. The roadmap sets out key strategies towards a 'digital payment nation' and is in line with the country's strategies in the Financial Sector Blueprint 2016 – 2025 (FSBP) and Brunei's Vision 2035 for realising a dynamic and diversified economy.

FINANCIAL RESULTS

The Bank performed well in 2019 despite a slight decrease in both Net Interest Income and Net Fee Income. This can be attributed to fewer construction projects and less business activities in 2019. Total Operating Expenses increased by 5%, primarily due to expenses related to the new Head Office project and the new write-off policy on fixed assets.

The Bank recorded a number of exceptional ad-hoc gains during the year, increasing Net Profitability before Impairment Charges. At the same time, the Bank reduced its Net Impairment Charges, owing to excellent performances in recoveries across all business units.

Overall, Baiduri Bank achieved a higher Profit After Tax in 2019 amounting to B$56.23 million, as compared to B$55.64 million in 2018 excluding the special one-off dividend income from Baiduri Finance.

The Bank's financial position remains strong with high liquidity. Total Assets at the end of 2019 exceeded B$3 billion while Total Equity increased by 10.48% from B$374 million in 2018 to B$414 million at 31 December 2019. The Bank's Capital Adequacy Ratio stood at around 20%, well above the minimum ratio of 10% imposed by AMBD.

Baiduri Finance achieved an Operating Profit of B$28.7 million, a 10% increase over 2018. It maintains its lead in the automobile finance industry with a 63% share in the market, focusing on the financing of new vehicles.

SUPPORTING BRUNEI'S DIVERSIFICATION PROGRAMME

Develop and Support Local Business

With a need to diversify beyond the oil and gas sector, the Brunei government has emphasised the development and growth of local businesses as part of its long-term economic development plan, 'Wawasan Brunei 2035'. Baiduri Bank continues to support and benefit from the Local Business Development (LBD) programme which encourages economic players to rely on local resources and develop more local businesses.

Local Business Skills Training Programme

In addition to providing financing to local businesses, Baiduri Bank introduced the Baiduri SME Empowerment Series in partnership with Darussalam Enterprise (DARe) in 2019. As part of a long-term commitment to helping develop local businesses, the programme comprises skills training workshops complementing existing training programmes offered by the Industry Business Academy (IBA). The objective of the programme is to provide a comprehensive, well-rounded training curriculum to local entrepreneurs to assist in achieving greater success in their business ventures. This partnership is one of the many efforts and initiatives undertaken by Baiduri Bank to cultivate and nurture local MSMEs.

Improving Financial Literacy

Throughout 2019, Baiduri Bank held several financial planning and investment talks and workshops through its Wealth Management Division under Retail Banking and its subsidiary, Baiduri Capital. These included sharing sessions between local youth entrepreneurs and social media influencers with the aim to enhance awareness on Insurance Planning at all life stages. Several financial planning talks were also conducted in conjunction with events organized by AMBD, the Ministry of Defence, Brunei Shell Petroleum and Tabung Amanah Pekerja.

Baiduri Capital also held a number of investment talks and workshops in 2019 including technical workshops focusing on introducing investment tools to novice and experienced investors and workshops aimed at promoting portfolio diversification. Baiduri Capital also carried out their proprietary Baiduri Capital Investment Challenge (BCIC), a six-month challenge which sees teams from tertiary-level education institutions compete to earn the most profits from investing in securities listed on the Singapore, Malaysia, Hong Kong, US Stock Exchanges and China A-shares through Baiduri Capital's online trading platform. The challenge aims to increase the overall awareness of securities trading and supports AMBD's goal of increasing investment literacy among the general public.

DIGITAL INITIATIVES

Enhancing Digital Banking with Baiduri

In 2019, Baiduri Bank began work on Baiduri b.Digital Personal, the Bank's newest digital banking and lifestyle platform with the objective to enhance customer experience and engagement. A number of convenient and secure features were introduced such as Soft Token and biometric login. A redesigned user interface (UI) aims to enhance customer experience by keeping the number of interactions to a minimum. The new app also provides the option for customers to personalise the app by uploading profile photos, saving frequent transactions for ease of use and even setting up financial targets/milestones.

Baiduri Bank has also set up three new ATM locations by the end of 2019 including placements at two new shopping centres. This brings Baiduri Bank's ATM network to 54 units at 36 locations with a branch network of 13. Overall approximately 90% of transactions are done through digital channels.

Development of E-Wallet

In November 2019, Baiduri Bank entered into an agreement with DST, one of Brunei's largest telecommunications provider, to launch an e-wallet. The partnership allows Baiduri Bank, the country's largest issuer of payment cards with the largest merchant base, and DST to share resources and create the largest digital payment ecosystem in Brunei. Through synergies from two leading Brunei companies, the e-wallet will open opportunities for greater commercial efficiency and improved consumer experience, thus contributing to the enhancement of the payment ecosystem in Brunei.

NEW HEAD OFFICE COMPLEX

Baiduri Bank's new headquarters in the capital city, Bandar Seri Begawan, is currently in the final phase of construction and is set to be completed in the second quarter of 2020 marking yet another milestone in its 25-year history. The new modern eight-storey complex will feature a contemporary modern design whilst maintaining green elements through energy-efficient fixtures and eco-friendly elements. These include low-emissivity double-glazed glass panels adorning the facade to allow ample natural light, energy-efficient mechanical and electrical fittings, a rainwater harvesting irrigation tank used to water the plants within the building as well as a sky deck. These elements, and others, were done towards attaining the BCA Green Mark certification, a benchmark of best practices for being environmentally friendly. The building will also be fitted with a modern electronic queue management and notification system to deliver an enhanced customer experience.

HUMAN CAPITAL DEVELOPMENT SOLUTIONS

In November 2019, Baiduri Bank signed a Memorandum of Understanding with Moody's Analytics for the provision of a structured e-learning solution for its personnel under various divisions of the Bank. Under the agreement, the first of its kind for a Brunei bank, Moody's will provide professional on-demand online training designed to improve core and specialist lending skills through a range of courses that focusses on both technical and soft skills such as relationship building and sales techniques. The entire curriculum will be hosted on Moody's award-winning Learning Management System.

Baiduri Bank also signed an agreement with two regional companies to implement a comprehensive cloud-based human resources solution. The solution is one of the largest Human Capital Management systems in the world with over 100 million users worldwide. Known as SAP Success Factors, the Human Resources suite covers core human resource processes and major pillars of talent management.

In 2019, the Bank welcomed two young Bruneians into its Management Associate Programme, a year-long development programme aimed to train future leaders by providing a solid foundation in banking which includes rotation through various departments and divisions within the bank under the guidance of senior management.

These initiatives are part of Baiduri Bank's plan to create a future-ready, dynamic and highly-skilled workforce. This is in line with one of the main goals of Wawasan 2035 which aims to make Brunei a nation widely recognized for the accomplishment of its educated and highly skilled people. These initiatives also align with the AMBD Financial Sector Blueprint 2016 – 2025 of developing human capital, addressing skill-gaps and educating locals on the financial sector, which is critical to Brunei's economic diversification.

WIDER VARIETY OF INVESTMENT OPTIONS FOR CUSTOMERS

In 2019, in an effort to provide customers with a wider choice of investment products, Baiduri Capital added a number of new funds to its growing portfolio. These additions include the introduction of a number of Manulife funds – a first for Brunei, Lion Global Investors funds, UOB Asset Management funds, and Allianz Global Investors funds. With these additions, customers now have a wider range of options to combat market volatility while meeting their financial goals.

With rising demand for investment products, Baiduri Capital has plans to launch more investment funds in the near future to provide an even wider range of options across different asset classes and risk ratings to assist customers in meeting their investment objectives.

INTERNATIONAL AWARDS AND RECOGNITIONS

In 2019, Baiduri Bank Group received four prestigious international banking awards. The Bank won the coveted "Bank of the Year Brunei" award from The Banker, UK; the "Best Banking Group Brunei" from World Finance Magazine; the "Domestic Retail Bank of the Year Brunei" from the Asian Banking & Finance magazine and the "Best Bank in Asia-Pacific for Brunei" from Global Finance.

Furthermore, Standard & Poor's reaffirmed Baiduri Bank's credit rating of BBB+/A-2 with stable outlook in July 2019.

FUTURE PLANS

In 2020, we will see the completion of our new Headquarters marking yet another milestone in Baiduri Bank's history. We will also complete Phase 1 of our Digital Payment Transformation programme. With more than two decades of experience, we shall strategically review how we can make a greater impact in the financial eco-system of this country. As a leading local bank with a strong commitment to the Brunei market, the Baiduri Bank Group will continue to play an active role in the economic growth of the country and its national development programmes in order to support Brunei's government in meeting the goals and objectives of Brunei's Wawasan 2035.

APPRECIATION

On behalf of the Board of Directors, I would like to express our sincere appreciation to the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam and the Autoriti Monetari Brunei Darussalam (AMBD) for their support. I also wish to thank our shareholders and our customers for their continued support and confidence in us.

In conclusion, I wish to record the Board's appreciation of the management and staff for their hard work and much-valued contribution to another successful year in 2019.

YAM Pengiran Muda Dr Abdul Fattaah
Chairman

BOARD OF DIRECTORS

Yang Amat Mulia Pengiran Muda Dr Abdul Fattaah
CHAIRMAN

Dato Paduka Timothy Ong Teck Mong

Hjh Rahayu binti Dato Paduka Hj Abdul Razak

Dato Seri Paduka Dr Hj Abdul Manaf bin Hj Metussin

Bertie Cheng Shao Shiong

Pierre Imhof

HIGHLIGHTS ON 2019 FINANCIAL PERFORMANCE

BAIDURI BANK BERHAD

The Bank performed well in 2019 despite a slight decrease in both Net Interest Income and Net Fee Income. This can be attributed to fewer construction projects and slow business activities in 2019. Total Operating Expenses increased by 5%, primarily due to expenses related to the new Head Office project and the new write-off policy on fixed assets.

We recorded a few exceptional ad-hoc gains during the year, which helped to increase our Net Profitability before Impairment Charges. At the same time, the Bank managed to reduce its Net Impairment Charges, thanks to its excellent performance in recoveries across all business units.

Overall, Baiduri Bank achieved a slightly higher Profit After Tax in 2019 amounting to B$56.23 million, as compared to B$55.64 million in 2018 if the special one-off dividend income from Baiduri Finance in 2018 is excluded.

The Bank's financial position remains strong with high liquidity. Total Assets at end 2019 exceeded B$3 billion while Total Equity increased by 10.48% from B$374 million in 2018 to B$414 million at 31 December 2019. The Bank's Capital Adequacy Ratio stood at around 20%, well above the minimum ratio of 10% imposed by AMBD.

BAIDURI BANK GROUP

Baiduri Bank Group as a whole, managed to achieve a Total Operating Income of B$174 million. Total Operating Expenditure increased slightly as a result of a number of expenditure incurred by the Bank mainly related to the new Head Office project. Total Net Impairment Charges improved by 30% as a result of excellent performance in recoveries from both the Bank and Baiduri Finance. Net Profit After Tax was B$56.5 million, an increase of 3% as compared to 2018.

The Group's Total Assets stood at B$4 Billion at 31 December 2019. Total Equity increased from B$476 million in 2018 to B$515 million, an increase of 8.31% as compared to 2018. Total Capital Ratio improved to 20.50% in 2019 compared to 18.86% in 2018.

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2019

	2019	2018
FOR THE YEAR - OPERATING RESULTS (B$ in thousands, except per share information)		
Revenue [1]	**162,701**	174,247
Net income	**142,892**	156,921
Return on assets	**1.79%**	2.08%
Return on shareholders' equity	**13.60%**	18.87%
Shares issued and paid (in thousands)	**180,000**	150,000
AT YEAR END		
Total Assets	**3,140**	3,393
Total Loans and advances (net)	**1,194**	1,263
Total deposits	**2,416**	2,644
Total shareholders' equity	**414**	374

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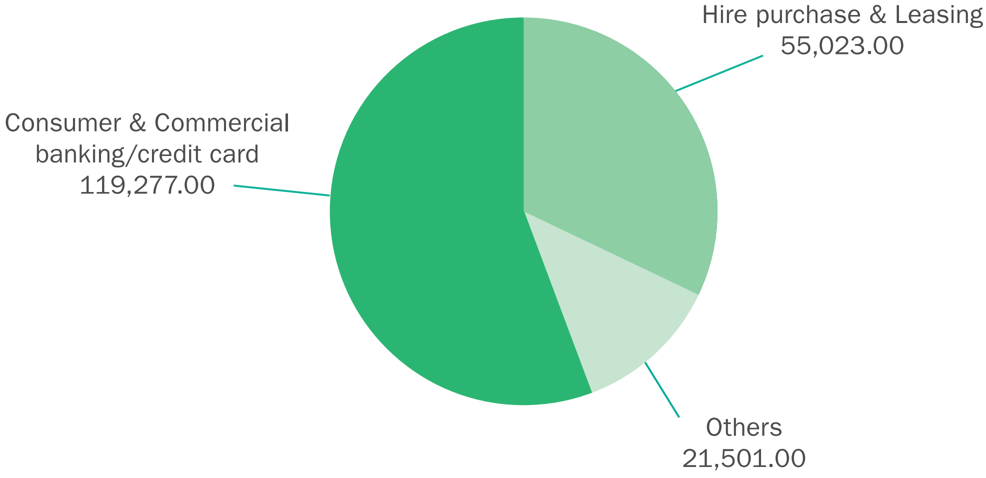
(1) Includes interest and non interest income excludes interest expenses

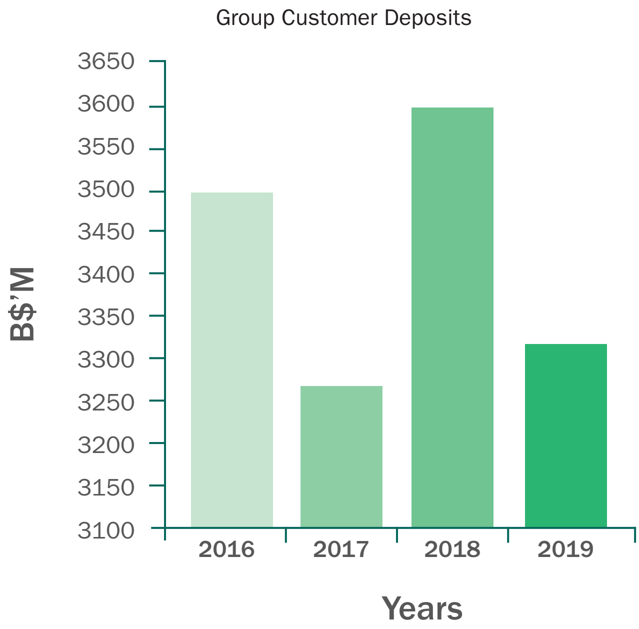
CAPITAL ADEQUACY RATIOS (BANK)

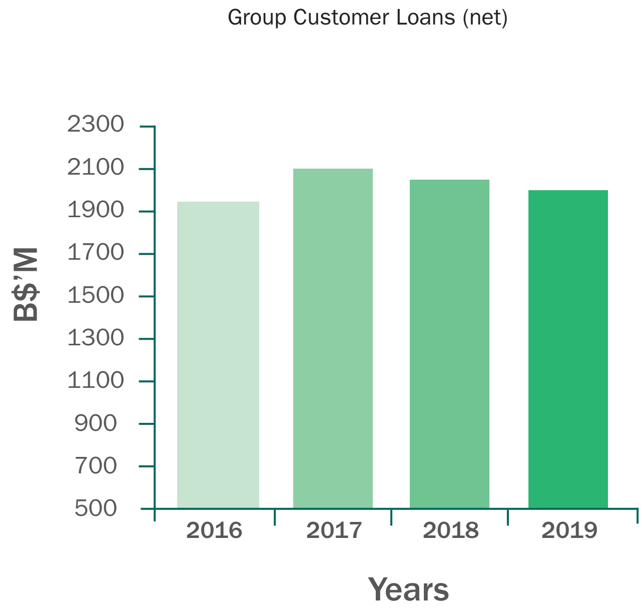
	2019	2018	2017	2016
Tier 1 (Core Capital)	**21.49%**	19.23%	20.66%	18.62%
Total Capital	**19.94%**	17.86%	19.42%	18.21%

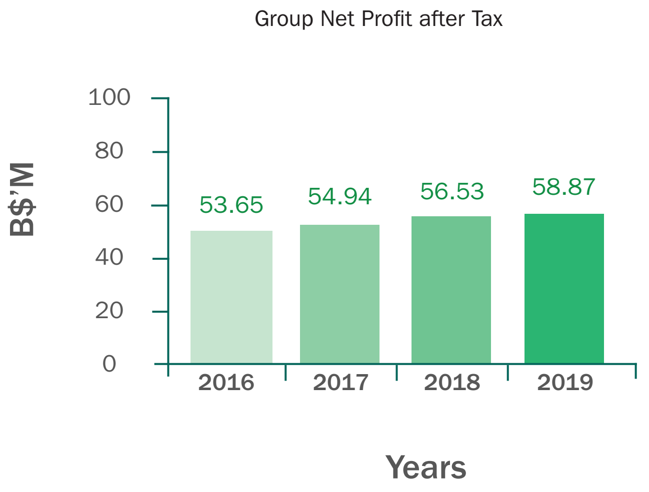
Group Total Revenue (Group - 2019)

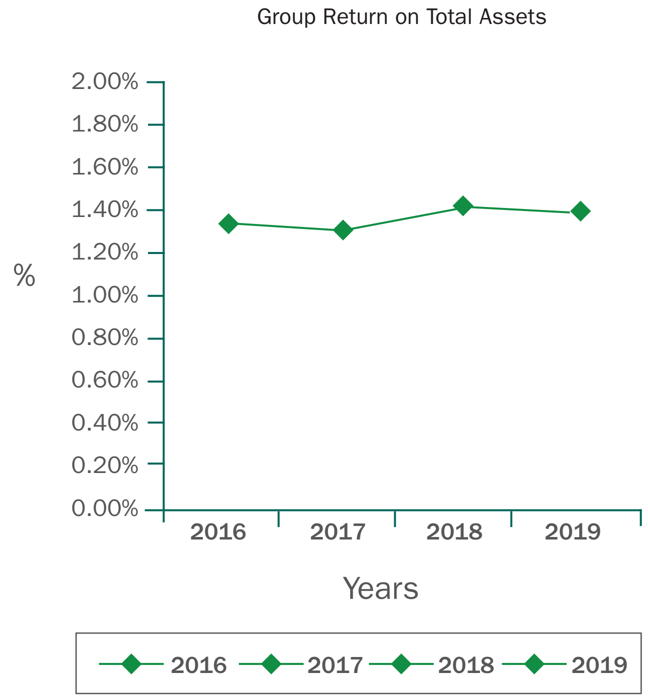


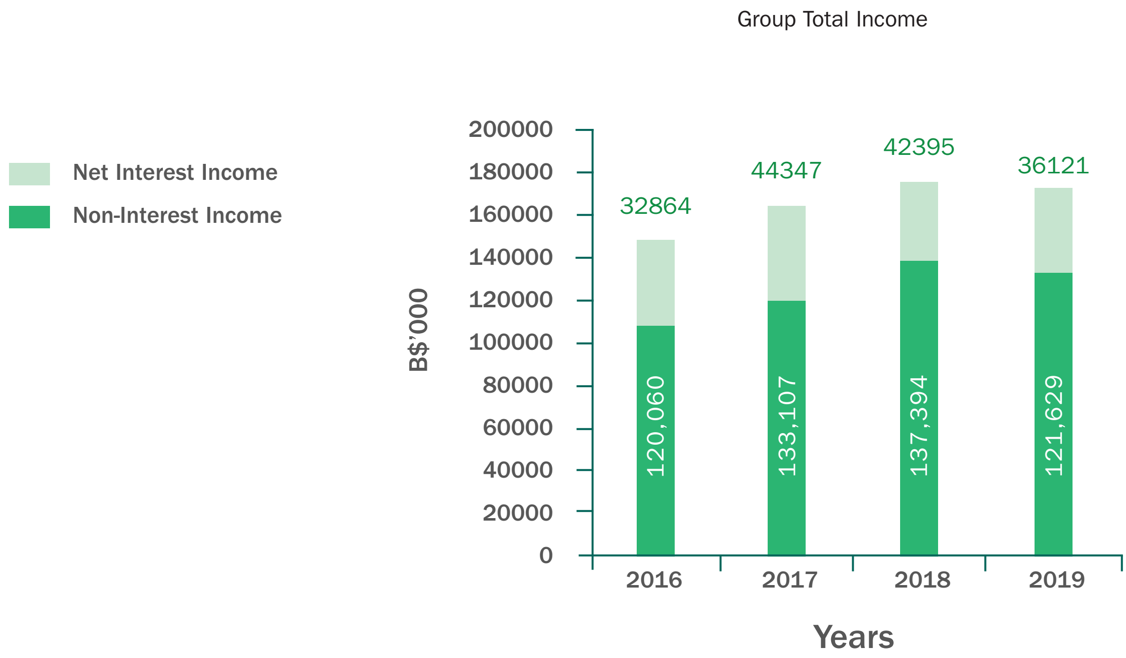
FINANCIAL HIGHLIGHTS






Group Net Profit after Tax
B$'M
100
80
60
40
20
0
53.65
54.94
56.53
58.87
2016
2017
2018
2019
Years


Group Return on Total Assets
%
2.00%
1.80%
1.60%
1.40%
1.20%
1.00%
0.80%
0.60%
0.40%
0.20%
0.00%
2016
2017
2018
2019
Years
2016 2017 2018 2019


Group Total Income
Net Interest Income
Non-Interest Income
B$'000
200000
180000
160000
140000
120000
100000
80000
60000
40000
20000
0
32864
44347
42395
36121
120,060
133,107
137,394
121,629
2016
2017
2018
2019
Years

CORPORATE HIGHLIGHTS

BRUNEI'S BANKING ENVIRONMENT

Overall, Brunei Darussalam's economy grew by 3.9% in 2019. Both the Oil & Gas Sector and Non-Oil & Gas sectors contributed to this growth by 4.9 and 2.5%, respectively. At current prices, GDP was estimated at B$18.4 billion in 2019 compared to B$18.3 billion in 2018. (Source: JPKE website)

The country has a sound financial and banking sector with Capital Adequacy Ratio and Liquidity Ratio standing well above the minimum requirements.

At the end of 2018, the Autoriti Monetari Brunei Darussalam (AMBD) launched its 'Digital Payment Roadmap for Brunei Darussalam 2019 – 2025' as part of its strategic initiatives to drive digital transformation in the domestic payment industry. The roadmap set out key strategies towards a 'digital payment nation' and is in line with the country's strategies in the Financial Sector Blueprint 2016 – 2025 (FSBP) and Brunei's Vision 2035 for realising a dynamic and diversified economy.

NEW SENIOR APPOINTMENTS IN BAIDURI BANK

In March 2019, the Board of Directors announced the appointment of Mr Ti Eng Hui as CEO of the Bank, while Mr Pierre Imhof who retires as CEO, was appointed to the Bank's Board of Directors. Both appointments took effect from 1 April 2019.

Mr Imhof, who joined Baiduri in 2003, led the bank through a period of significant growth which saw Baiduri Bank becoming Brunei's largest conventional bank with a rating by international rating agency, Standard & Poor's of 'BBB+/A-2' with Stable Outlook. During this period, the bank won numerous accolades including Bank of the Year for Brunei awarded by The Banker magazine, UK for thirteen times.

Mr Ti has over thirty years of banking experience under his belt, including those at international banks in Brunei. He has been with Baiduri Bank for 20 years in key positions and served as Deputy CEO of the Bank for five years preceding his appointment as CEO.

BAIDURI BANK GROUP'S STRATEGIC DIRECTION IN 2019

In 2019, Baiduri Bank invested heavily in cutting-edge technology, customer data security and its human resource capabilities as part of Baiduri Bank's plans for moving the organization forward.

Among the initiatives undertaken was a new digital banking platform that the bank had been working on since 2018 and targeted for launch in the first quarter of 2020. The bank also focused on enhancing its human capital capabilities to ensure that its workforce is future ready.

Baiduri Bank entered into partnership with DST, Brunei's premier telecommunications provider on developing an e-wallet, targeted for launch in 2020 that will create the largest digital payment ecosystem in the country with connectivity to regional and international payment platforms.

Aligning with the nation's drive to move away from heavy reliance on the energy industry to developing and growing local businesses, in 2019, Baiduri Bank continued to support Brunei Darussalam's diversification programme by introducing new financial products and services designed specifically for local MSMEs, to help them in their business operations, so they can contribute to the country's economic activities. Baiduri Bank also launched a local business skills training series as a long-term commitment to helping develop local business in partnership with Darussalam Enterprise (DARe).

The following sections will provide snapshots of the highlights for Baiduri Bank Group in 2019.

GROUP TRANSFORMATION INITIATIVE

In mid 2019, following the change in leadership, internal organizational changes were initiated aimed to create better alignment of purpose, create an agile and learning organization, develop more synergy within the Group, expand collaboration with business partners and enhance customer experience with one ultimate goal, which is to achieve sustainable growth.

Some of the major initiatives undertaken were:

Brand Refresh

Baiduri Bank Group embarked on this project in July 2019. By end 2019, a lot of groundwork had been undertaken to uncover the unique strengths, attributes and factors that make the Group what it is today, as well as discovering the Group's ambitions for the future. The scope included: brand audit and competitive analysis, customer and employee journey mapping, interviews with Baiduri's leadership team, clients and strategic partners, focus groups, surveys and groupwide engagement activities mobilizing over 20 brand champions. Working closely with an appointed branding consultant, the Group will be developing its refreshed Vision, Mission, Values and visual identity systems based on the insights generated. The new brand is expected to be launched within 2020.

Building on our Human Capital Capabilities

Our HR focus is now more developmental in nature – helping to identify and build competencies and reskilling people to be future-ready. With that in mind, we signed up Moody's Analytics in November for a structured e-learning solution for on-demand online training in core and specialist lending skills for our employees delivered through a range of courses.

Transitioning to Cloud-based HR Systems

In December 2019, we entered into an agreement for a comprehensive cloud-based human resources solution called SAP Success Factors, one of the largest Human Capital Management systems in the world. Baiduri Bank Group's new digital HR system will cover a suite of core human resources processes and major pillars of talent management comprising recruitment, learning, performance management, compensation, employee onboarding, succession planning and development.

Management Associate Programme (MAP)

As part of our plans to #BeFutureReady, we recently welcomed the first two management associates. Launched in 2019, MAP is part of the Group's plan to create a more dynamic workforce that is future ready and to build potential leaders for the future. The program aligns with the AMBD Financial Sector Blueprint 2016 – 2025 of developing human capital, addressing skill-gaps and educating locals towards the financial sector which is critical to Brunei's economic diversification and one of Wawasan 2035's main goal of making Brunei Darussalam a nation widely recognized for the accomplishment of its educated and highly skilled people.

Strengthening Risk Management Capabilities

In 2019, we embarked on several initiatives which include the introduction of a ratings scorecard for our Corporate Banking borrowers, development of operational risk management tools as well as strengthening our overall risk governance framework. In 2020, we will continue to strengthen our Group's risk management capabilities. This includes investment into developing risk awareness and knowledge of all staff, as well as promoting a strong risk culture within the bank.

New Headquarters

As part of Baiduri's long-term plan to take the bank to greater heights, a project to build a new headquarters building was started in 2017. It involved the development of a site formerly housing a hotel in the capital, Bandar Seri Begawan. The construction work entered its final stage in late 2019, and the project is expected to be completed by mid-2020. The new complex will feature modern designs with energy efficient and eco-friendly facilities and fittings. The building will also be fitted with modern queue management and notification systems to deliver better services to customers.

SUPPORTING BRUNEI'S DIVERSIFICATION PROGRAMME

With the need to diversify beyond the oil and gas sector, Brunei Darussalam, as part of its long-term economic development plan known as Wawasan Brunei 2035 (Vision 2035), has placed greater emphasis on the development and growth of local businesses.

Local Business Skills Training Programme

In addition to providing financing to local businesses, as part of its ongoing commitment to help develop local businesses, in 2019, Baiduri Bank introduced the Baiduri SME Empowerment Series in partnership with Darussalam Enterprise (DARe). The programme comprises a series of skills training workshops designed to complement existing training programmes offered by the Industry Business Academy (IBA), with the objective to provide a comprehensive, well-rounded training curriculum to local entrepreneurs to help them achieve greater success in their business ventures.

This partnership is one of the many efforts and initiatives undertaken by Baiduri Bank to cultivate and nurture local MSMEs and is given on complimentary basis to participants.

The inaugural workshop held in April entitled 'No-Cost & Low-Cost Marketing Techniques to Maximise Sales' was conducted by a trainer from the Marketing Institute of Singapore (MIS) followed in August with a workshop on 'From Why To How - Engaging Employees With What They Desire' conducted by an Adjunct Lecturer from the Singapore Human Resources Institute (SHRI Academy). A third workshop held in November was on the topic of e-commerce, conducted by Mr Eu Gene Ang, the founder and principal trainer of ClickAcademy Asia. The workshop aimed to help SMEs understand key components in e-commerce and relevant tools and guide them in their decision to invest in e-commerce.

Local Business Development (LBD) Programme

For the twelfth consecutive year in 2019, Baiduri Bank partnered with Asia Inc Forum in the annual Local Business Development (LBD) Programme. The LBD is a platform for developing local MSME capabilities and competitiveness by providing resources for them to learn real-life lessons and experiences, discover new ideas and solutions, and build networks.

Held in September 2019, the annual LBD programme carried the theme 'The Next Level: How to Leverage the Digital Revolution'. It comprised a one-day forum for 200 founders, entrepreneurs and managers of local businesses, followed by two concurrent workshops on the second day for up to 40 participants each. Business owners, managers and corporate executives, the majority of whom are clients of Baiduri Bank participated.

Among the topics covered were: Brunei's Fourth Industrial Revolution; Cloud Computing, Big Data, A.I. and the Internet of things; Competing and Winning in the Data Age; Human Resilience in a Digital World – Surviving and Succeeding in the Face of Failure and Uncertainty; Real-Life Entrepreneurship Adventure in the Internet Era; Developing your Digitalization Strategy; and Designing the Customer Experience for the Business of the Future.

25TH YEAR MILESTONE

Baiduri Bank first opened its doors to the public in August 1994. Twenty-five years of operating in a constantly evolving banking sector has proven to be both a challenge and an achievement, during which time, Baiduri Bank has grown from strength to strength. It is now the country's leading conventional bank with 13 branches and more than 800 staff members.

25th Anniversary Marketing Campaign

To commemorate our 25th Anniversary celebration, we launched the 'Turn Your Dreams into Reality' Campaign in August 2019, giving away two units of BMW 520i Luxury as the grand prize along with a host of exciting travel and dining experiences as our way of rewarding customers for their loyalty and support. The 6-month campaign offers new and existing customers a chance to win when they sign up for selected products. A 2-day Baiduri Community Park roadshow was held over the weekend of 17-18 August at The Mall Gadong to launch the campaign. The campaign will end on 29th February 2020.

25th Anniversary Publicity Campaign

To generate hype in the market on the 25th year milestone achievement, Baiduri Bank rolled out several initiatives in August 2019 which will run till August 2020. These include a series of advertisements and editorials in both the Borneo Bulletin and Media Permata covering the Baiduri story, social media activities and activities at branches where customers and the public can participate in and win prizes.

We intensified CSR activities as our contribution to society. Among others, in September 2019, we organized an outing for children from Leaning Ladders Society and SMARTER Brunei to the screening of the popular children's movie 'Frozen 2' at the Empire Cinema together with their guardians and volunteers from the Baiduri Bank Group. Special considerations were taken, such as adjusting the light intensity and the volume in the theatre to ensure a comfortable level for the audience.

We also organized an outing for students of the Child Development Centre to JIS Art Centre to watch 'Hairspray: The Musical' in September, together with their guardians.

More initiatives have been planned for the first 8 months of 2020. These include the production of a coffee table book and a video documentary depicting Baiduri Bank's journey from inception and highlighting the many milestones and achievement to date. Also being planned is a gala dinner to commemorate this major milestone in the bank's history.

RETAIL BANKING

Baiduri Prestige

The Baiduri Prestige Programme, first launched in 1999 for the affluent client segment, was enhanced and relaunched in 2018. Members receive the Baiduri Prestige Visa Infinite credit card and the Baiduri Prestige Mastercard World debit card, both with lifetime annual fee waivers. Both cards are linked with Baiduri Instant Rewards, the best-in-market rewards programme with up to 6X bonus points earned. In addition, they receive complimentary visits to airport lounges, travel privileges and benefits worldwide using their DragonPass Airport Companion programme and LoungeKey Airport Experience programme.

Baiduri Prestige members can access any of the five Prestige Centres conveniently located throughout Brunei where they can enjoy complimentary refreshments TV entertainment and investment channels, newspapers, magazines and teller service in the privacy of the lounge while attending to their banking needs. Besides preferential rates, each member is assigned a dedicated relationship manager to help them with their banking and investment needs. Access to Prestige Centres is also extended to family members on a complimentary basis.

In 2019, the Bank launched several investment and card promotions exclusively for Baiduri Prestige members. Baiduri Prestige members also received invitations to seminars and lifestyle events throughout the year.

Baiduri Smart Executive Programme (SEP)

The Baiduri Smart Executive Programme (SEP), first launched in 2013, was enhanced and relaunched in 2018.

Focusing on the upwardly mobile and digitally savvy 21 to 45 year old demographic, the SEP offers preferential rates on loans and investment packages. Members also gain access to exclusive benefits using their SEP Visa Platinum credit card and SEP Mastercard Platinum debit card plus complimentary visits to airport lounges and discounts at airport dining and shopping outlets worldwide using their DragonPass Airport Companion programme. Other benefits include invitations to lifestyle events and investment seminars. Recognizing this segment's need for convenience and independence, members can log on to their internet banking via any mobile device anywhere in the word to manage their finances.

Exclusive discount for Joss Stone Concert

As a Smart Lifestyle benefit, Baiduri SEP members were given an exclusive 20% discount for tickets to a Charity Gala Evening featuring British soul sensation, Joss Stone held at the JIS Arts Centre Theatre on 25 February 2019. Organized by the British High Commission in Brunei, the event was a platform to raise funds for the Children's Cancer Foundation (YASKA). To avail of the exclusive discount, SEP members were required to pay using their Baiduri Smart Executive Credit or Debit Card. In a country where foreign artistes are a rarity, the event gave SEP members the once in a lifetime opportunity of watching an international singer performing live in Brunei and at the same time, doing their part to raise funds for charity.

SEP Discovery Workshop

With the aim to help SEP members achieve a balanced lifestyle, the annual discovery workshop organized by the Retail Banking division is a platform where outstanding individuals are invited to share their expertise and experiences on topics such as fashion, finance, health and fitness.

Held in November 2019, this annual workshop, which took the form of a talk show, was held at Seasons Restaurant in Gadong. Titled 'Ready for Change', it was attended by more than 100 customers. The lifestyle themed panel discussion focused on the topic of travel lifestyle, health and how financial planning can fit in. Moderated by Nadzri Harif, a DJ and fitness practitioner, the panel consisted of Shazrinah Shazali, a healthy eating advocate and co-founder of Fuel'd; Maurina Hamid, a lifestyle blogger and Jen Yong, Business Development Manager at AIA Brunei.

In true spirit of innovation, the event was broadcasted live on Baiduri's official Instagram channel @baiduribank, allowing followers and customers who could not attend physically to join in virtually. Additionally, guests were kept engaged with interactive live polls via Q&A and polling platform, Slido.

BALIK KAMPONG WITH BAIDURI ROADSHOW

In our efforts to reach out to a wider audience and educate them on the various product benefits that Baiduri Bank offers, a weekend roadshow was organized at the OneCity Shopping Centre on 27 and 28 April 2019, through a fun and interactive platform.

The 'Balik Kampong with Baiduri' roadshow showcased the Bank's insurance and investment capabilities as well as a variety of products such as cards and loans. There was also a dedicated section where the public could learn about our Smart Executive Programme. The roadshow also featured family-friendly games and activities such as 'What's in the Box', a kids corner and a photo backdrop. There were also traditional local games such as Congkak, 'Guli Rush' and 'Guli Swing'.

BAIDURI COMMUNITY PARK ROADSHOW

In August 2019, in conjunction with the 25th anniversary of Baiduri Bank's inception, the 2-day Baiduri Community Park roadshow was held at the atrium concourse of The Mall, Gadong. Carrying the theme, 'We Go Further Together', the roadshow aimed to bring together the Bruneian community through a fun and interactive platform.

The roadshow showcased the Bank's products and services that have been specially designed to help improve one's financial wellbeing whether it be towards achieving financial independence or towards building a nest egg for the future. It also featured a range of activities that have been specially selected to be enjoyed with friends and family. The activities include fun interactive games such as the Nintendo Switch™ games console and a music/rhythm game, a 'kid's corner' to occupy the younger visitors and quizzes where participants could win shopping vouchers, dining vouchers and movie tickets. There were also magic shows hosted by Brunei's very own celebrity magician, Nadzri Harif.

CUSTOMER EDUCATION

Baiduri Bank regularly hosts workshops and investment seminars featuring experts and financial analysts from the region to educate customers on topics ranging from financial health to investment strategies and market outlook.

In collaboration with Mizuho Bank Limited, Singapore, Baiduri Bank hosted a global outlook seminar on 11 January 2019 at the Radisson Hotel in the capital. Titled 'Double Trouble: Trade Wars and Liquidity Retraction', the seminar assessed the economic slowdown and financial spillovers from the US-China trade war and the prospects of negotiations.

On 21 September 2019, in collaboration with DBS Bank Singapore, Lion Global Investors as well as SGX Academy, Baiduri Bank hosted a global outlook seminar at The Empire Hotel & Country Club. Titled '2020 Global market Diversity: Economic Focus as Sustainability Element', the seminar addressed the rise of protectionism, lack of economic progression, the fear of recession and the resulting uncertainty.

On 12 October 2019, Baiduri Bank hosted a Twin Currency Deposit Workshop at Dynasty Restaurant, Gadong for its customers. The seminar, which discussed how twin currency deposits work was delivered by Christina Ong Siaw Hung, Senior Prestige Relationship Manager of Baiduri Bank.

Baiduri Bank offers an array of financial products and investment options to suit the needs and lifestyle of their clients. On top of that, Baiduri has a team of specially trained financial planners, who are available at all Baiduri Bank branches to provide financial consultation, conduct gap analysis, risk profile analysis and more, in order to determine which investment products are best for clients.

BAIDURI FINANCE

In 2019, Baiduri Finance continued to be the leading automobile financing company in Brunei, having captured 63% of all automobile financing business in the country for the year. The company also continues to be the only finance company in Brunei to have ISO9001:2015 certification, the seal of quality management system, covering all functions and processes throughout the organization.

During the year, Baiduri Finance carried out two major promotional campaigns.

Car Insurance and Road Tax Renewal Promo

As part of efforts to provide customers with the utmost convenience, Baiduri Finance provides a multitude of ways for their Hire Purchase (HP) customers to renew their car insurance which includes requesting for a quotation through the Baiduri Finance Mobile App; over the counter at their branches or over the phone. To further highlight the importance of having comprehensive car insurance, Baiduri Finance rolled out a 3-month long campaign called 'Car Insurance and Road Tax Renewal' in February 2019 that gave HP customers who purchased their car insurance and road tax in advance, the chance to win cash rebates which can be used to offset the next insurance premium or HP monthly repayment. Besides upfront payment in full, HP customers could also convert their insurance premiums to zero-interest instalment plan for three or six months using their Baiduri Mastercard Auto Direct Prepaid Card as an added service.

Baiduri Mastercard Auto Direct Prepaid Card Promo

In November 2019, to reward Hire Purchase (HP) customers for their loyalty, Baiduri Finance came up with the 'Take the Fast Lane to Greater Rewards' promotion which will run till end January 2020. Customers who paid for their HP monthly instalments and car insurance renewals via Direct Debit or Recurring Billing using their Baiduri Mastercard Auto Direct Prepaid Card, earned a chance to be entered in the Grand Draw, where five winners will receive B$5,000 each. In addition, on a first come first served basis, 100 customers who renewed their road tax and car insurance using their Baiduri Mastercard Auto Direct Prepaid Card also received discount vouchers that could be used for their future road tax and car insurance renewal payments at Baiduri Finance branches.

BAIDURI CAPITAL

Wider Range of Investment Options for Customers

In 2019, in an effort to provide customers with a wider choice of investment products, Baiduri Capital added a number of new funds to its growing portfolio. These additional funds include the introduction of two Manulife funds – a first for Brunei, three Lion Global Investor funds, two UOB Asset Management funds with plans to introduce a further three, and seven Allianz Global Investors funds. With these additional funds, customers now have a wider range of options to combat market volatility while meeting their financial goals.

Investor Education

Baiduri Capital held a series of investment workshops and seminars for its customers in its ongoing efforts to create awareness and instill confidence amongst investors.

To kick off the year, in January 2019, Baiduri Capital, in collaboration with Phillip Securities, hosted their first two investment workshops of the year for customers at the Lecture Hall of Laksamana College of Business. The first, entitled 'The Art of Scalping' covered the fundamentals and basics of technical analysis, advanced technical analysis indicators and the various techniques of scalping to provide investors with insight and actionable techniques on how to combat the brewing and uncertain financial storm in 2019. The second workshop entitled 'Navigating the Investment Landscape' provided a deeper understanding of Stocks, Exchange Traded Funds and OTC (Over the Counter) Bonds, targeting more novice investors.

In May 2019, in continuing efforts to educate investors on the trends in the Asian bond markets, Baiduri Capital hosted another seminar entitled 'Something for Everyone' at the Empire Hotel and Country Club. The seminar was conducted by a senior executive at Manulife Asset Management. The seminar looked at the Asian bond markets and its rapid growth over the last decade driven by improved credit ratings and economic performance, a surge in new issuance and the inclusion of China's bond market to global bond indexes. The seminar was designed to inform the investors of the new opportunities made available as a result of this rapid growth.

Baiduri Capital hosted an investment seminar in July 2019, titled 'An Investment for Every Generation' at the Radisson Hotel, conducted by two representatives of UOB Asset Management Singapore (UOBAM). The seminar looked at the various ways Baiduri Capital customers can take advantage of interesting opportunities to grow their wealth, build income and protect their assets, even in an uncertain market.

In efforts to improve investors knowledge on the global financial markets, Baiduri Capital organized an investment seminar titled 'Hunt for Income' at the Empire Hotel and Country Club in September 2019. The seminar, which focused on the high likelihood of the world's central banks shifting back to an accommodative monetary policy and how best to navigate investments in a low interest rate environment, was conducted by a representative of Allianz Global Investors Singapore.

In December 2019, to prepare investors for what lies ahead in 2020, Baiduri Capital organized an investment workshop titled 'Identifying Investment Strategies in 2020' at the Laksamana College of Business in the capital. The workshop was conducted by representatives of Phillip Securities, Singapore and focused on Real Estate Investment Trusts (REITs) and Exchange Traded Funds (ETFs) and how best to utilize these two investment products in a volatile economy. The workshop provided a market outlook highlighting key events, asset allocation planning with ETFs as well as covering the fundamentals and investment strategies of REITs and ended with basic technical analysis techniques.

Through organizing investment workshops, Baiduri Capital aims to provide customers with the necessary tools, knowledge and skill in making well-informed decisions to reach their financial goals. Through partnerships with the various global partners, Baiduri Capital is able to provide a more comprehensive investment experience.

Baiduri Capital Investment Challenge

The Baiduri Capital Investment Challenge (BCIC) 2019 began in October 2019 and will end in April 2020. The challenge attracted six teams comprising undergraduates from Universiti Brunei Darussalam (UBD), Universiti Teknologi Brunei (UTB) and Politeknik Brunei (PB). Each team consists of four members and are given B$5,000 as initial capital to invest in to any of the securities listed on the Singapore, Malaysia, Hong Kong, US stock exchanges and China A-shares. Upon completion of the challenge, any profits earned by the teams will be retained by them.

Throughout the challenge, participants are given direct access to licensed dealers who act as their mentors. These mentors offer valuable insights and advice into the world of trading and investing. For several participants, the BCIC 2019 is their first foray into financial investments and capital markets.

By organizing this annual challenge, Baiduri Capital hopes to generate interest in investment amongst the younger generation so they will not only appreciate the workings of the capital markets, but also prepare them to deal with investment opportunities in the future.

The BCIC is an annual initiative by Baiduri Capital that aims to provide a platform for the students to apply what they have learnt in the classroom in real life settings and is in support of the AMBD Capital Market Unit's goal to increase investment literacy among the general public. This is the third challenge since Baiduri Capital first hosted it in 2017.

PROMOTING FINANCIAL LITERACY

National Savings Day 2019

In August, in partnership with Autoriti Monetari Brunei Darussalam (AMBD), Baiduri Bank participated in the National Savings Day 2019 activities, conducted all over the nation. Baiduri Bank's involvement started with Financial Awareness Roadshows at Brunei's higher institutions - Universiti Teknologi Brunei (UTB) and Universiti Brunei Darussalam (UBD). The roadshows aim to equip university students with financial management skills before they join the workforce, as well as to foster an overall healthy financial lifestyle. During the roadshow, Baiduri Bank employed easy to understand games and conducted giveaways, to encourage students to learn simple concepts like budgeting, and planning their financials.

Financial Planning Talks

In June 2019, Baiduri Bank conducted a financial planning talk for army personnel who were undergoing the mandatory pre-retirement course. The talk was held at the MINDEF Library and Info Centre in Bolkiah Garrison. Specifically tailored to the participants of the programme who are transitioning to retirement, the talk covered the topics of financial planning, lifestyle, and insurance planning and was delivered by Siti Aminah Hj Abdul Rahman from Wealth Management & Bancassurance, Baiduri Bank while Muhammad Zharif Haji Sabli from Baiduri Capital, spoke about investment planning which consists of risk, returns, shares and unit trusts.

MAJOR INVESTMENTS IN TECHNOLOGY AND SECURITY

Technology is an integral part of any business. In 2019, Baiduri Bank continued to harness the power of technology to enhance customer experience, and enhance operational efficiency, focusing on three main projects.

New Enhanced Digital Banking Platform

The project, which began in 2018 continued into 2019 and is targeted for launch in early 2020. Baiduri Bank's new Digital Banking platform is aimed to enhance customers experience and engagement. The new digital banking ecosystem will cater to both personal and business banking.

Key features include the use of soft token, where customers will receive their personal identification number (PIN) for making transactions via the mobile app and touch ID that allows access via biometric scan and fingerprint recognition.

In addition, the mobile app version will carry new features such as password generation for transactions, retirement and loan calculator, receive the latest promotions and offers, buy and redeem e-coupons or send as a gift to family or friends. Customers will also be able to give feedback via the inbox function on the mobile app.

Development of E-Wallet

In November 2019, Baiduri Bank entered into an agreement with DST to launch a brand-new e-wallet nationwide. The partnership will allow Baiduri Bank, the country's largest issuer of payment cards with the largest merchant base in Brunei and DST, a telecommunications provider with the country's largest mobile subscribers base, to share resources and create the largest digital payment ecosystem in Brunei with connectivity to regional and international payment platforms.

Set to be launched in the second quarter of 2020, the e-wallet uses Near Field Communications (NFC) technology that will allow users to pay at card terminals by simply 'tapping' their phones, as well as through scanning a QR code. It will be available to all new and existing DST subscribers and accepted nationwide at over 2,000 Baiduri Bank merchant outlets.

The e-wallet can also be linked to a regional payment platform, so that customers can also use the e-wallet overseas. Through synergies from two successful Bruneian companies, this e-wallet will create additional opportunities for greater commercial efficiency and improved consumer experience, thus contributing to the enhancement of the payment eco-system in the country.

Hi-Tech New Head Office Building

Marking another milestone in Baiduri Bank's 25-year history, Baiduri Bank's new headquarters in the capital, Bandar Seri Begawan is currently in the final stage of construction. The new complex will feature modern design with energy efficient and eco-friendly facilities, such as large glazing panels to allow ample natural light, energy-efficient mechanical and electrical fittings, a rain water harvesting system to collect water for plant irrigation as well as a sky garden within the building.

All these design elements were done to attain the BCA Green Mark certification, a benchmark of best practices for being environmentally friendly. The building will also be fitted with modern electronic queue management and notification system to deliver better services to customers and is expected to be completed during the first half of 2020.

Expanding ATM Network

The Bank launched three new ATM locations in 2019 which includes two new shopping centres with expected high customer traffic. This brings our ATM fleet to a total of 54 units with a coverage of 36 locations strategically placed throughout Brunei. At the end of 2019, approximately 90% of transactions were done through electronic channels which include online banking and ATMs.

Data Security as our Priority

To provide customers with peace of mind irrespective of the channel they are using, we are constantly striving to ensure that the data protection in our systems are secured to international standards. Since 2014, Baiduri Bank has been certified under the internationally recognized Payment Card Data Security Standard (PCI-DSS).

PCI-DSS is the global data security standard recognized by major payment card brands for all entities that process, store or transmit cardholder data and/or sensitive authentication data. The standard consists of steps that mirror security best practices such as building and maintaining a secure network and systems, protecting cardholder data, maintain a vulnerability management program, implementing strong access control measures, regular monitoring and testing of the network and maintaining an effective information security policy.

In 2019, Baiduri Bank received the latest version 3.2.1 of the PCI-DSS.   Baiduri Bank remains the only bank in Brunei to have achieved this certification and reflects the bank's commitment to data security at its highest level. The assessment and certification was carried out by ControlCase, a global provider of Compliance, Information Security and Risk Management Solutions.

HUMAN RESOURCES

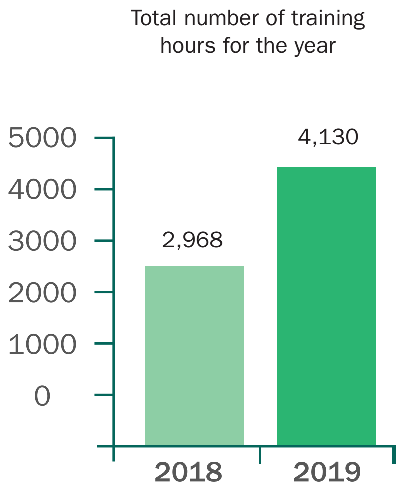
2019 has been a spectacular year with new initiatives being initiated by Group Human Resources in their continuous effort to support Baiduri Bank Group's ambitious growth for the next few years. GHR has focused specifically in building new pipelines for talent recruitment, engaging an internationally recognized online platform for staff continuous learning opportunities as well as a new HR System to increase the effectiveness and efficiency in responding to the increasing evolving needs of the businesses.

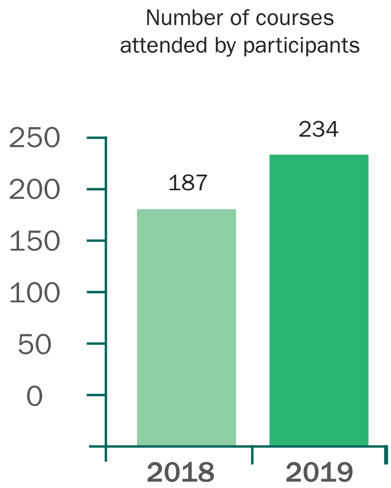
GHR INITIATIVES LAUNCHED IN 2019

Talent Pipeline	Learning & Development	HR System
Succession Planning	Continuous Learning	Integrated Processes
MAP Programme	Moody's Analytics	SAP SuccessFactors

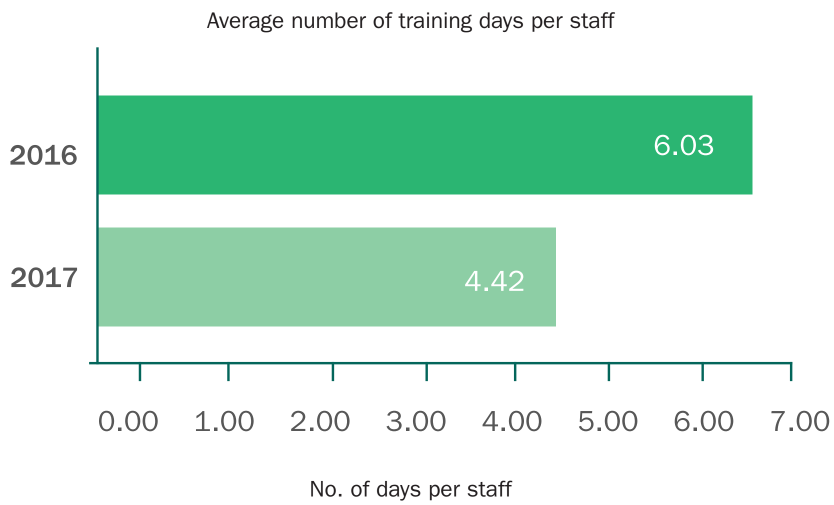
As the Bank Group achieved its 25th year milestone in 2019, the Bank Group has successfully provided employment for a total of 791 personnel. However, the Bank Group recognizes the importance of expanding their talent pool across the group for sustainable future growth. In addition to working with local education institutions for general recruitment, the Bank Group had also begun recruiting their first batch of trainees under their Management Associate Program (MAP). The MAP is anticipated to reinforce its strategy to identify the right future leaders as part of the Bank's succession planning.

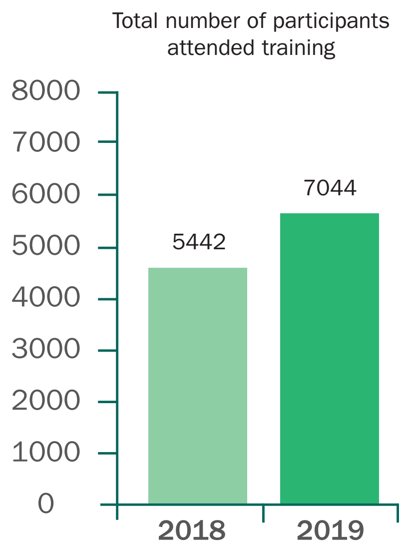
A significant achievement was accomplished by the Bank Group in the learning and development of staff with more courses directed at promoting the capabilities and productivity of their personnel. The total number of hours attained in all categories of learning has increased by almost 40%, from 2,968 hours in 2018 to 4,130 hours in 2019. Correspondingly, the number of courses conducted also increased by 25% from 187 to 234 in areas including Financial Planning, Anti-Money Laundering, Ethics and Internal Control as well as Leadership.





For the first time in the Bank Group, the average number of training day has surpassed 6 days for each staff compared to 4.4 days previously. Similarly, this is reflected in the new high of 7,044 participants who completed training, up by 30% from 5,442 the previous year. In e-learning alone, there was an additional 860 participants who learnt through this channel as a result of more e-learning courses being introduced in the year. It is the Bank Group's goal to continuously explore innovative ways to provide the most effective channels for staff learning and development.





In their drive to promote a culture of continuous learning, the Learning and Development Unit has also launched a structured e-learning solution with Moody's Analytics for their Retail Banking, Corporate Banking, Wealth Management and Trade Finance Services. The Corporate Banking Specialist Program specifically will run for the next 2-3 years enabling their corporate bankers to qualify for the internationally recognized Certificate in Commercial Credit. This is the first time Moody's Analytics, one of the world's leading training provider in Risks Training, has worked with a local financial institution to provide a robust training framework.

Moving forward to the next phase of a more efficient HR Service Delivery, the Bank Group has engaged market leader SAP SuccessFactors to deliver an integrated Human Capital Management System to automate its HR processes which include recruitment and on-boarding, performance management, learning and development, succession planning as well as general HR administration. With this new HR system in place, more focus will be dedicated to employee engagement and building its human capital strategically.

SUPPORTING NATIONAL EVENTS

In a show of nationalism and comradeship, Baiduri Bank Group participated in three major national events during the year.

35th National Day Procession

Brunei Darussalam celebrates its National Day on 23rd February each year to commemorate the country's independence from Great Britain in the year 1984. In 2019, a 140-member contingent made up of staff from the Baiduri Bank Group joined more than 100 other organizations in the 34th National Day Procession around Bandar Seri Begawan which culminated in a march past at the Taman Omar Ali Saifuddien in front of the Royal Dais, witnessed by His Majesty the Sultan, members of the Royal family and other state dignitaries.

Brunei Darussalam Regatta

A team of rowers comprising 30 male staff of the Baiduri Bank Group put on a good show in the annual boat race held on the Brunei River in conjunction with the 73rd Birthday of His Majesty the Sultan and Yang Di Pertuan of Brunei Darussalam. The event took place on 25 August 2019 and this was our second participation in the event, our team secured 8th place in the private sector category.

Maulud Procession

For the seventh year running, volunteers from Baiduri Bank Group participated in the Maulud Grand Assembly and Procession to commemorate the anniversary of the birth of Prophet Mohammad. The event, which took place on 9 November 2019 saw more than 90 male members of staff dressed in national attire assemble early in the morning at Taman Sultan Omar Ali Saifuddien before taking a 2.3 km route through the streets around Bandar Seri Begawan. Altogether, 131 teams made up of more than 13,000 participants took part in the procession.

CORPORATE SOCIAL RESPONSIBILITY

24th Edition of the Baiduri Masters

2019 marked the 24th edition of The Baiduri Masters Charity Golf Tournament. The tournament held over two weekends at the Pantai Mentiri Golf Club for the first time since 2005 saw over 800 golfers participating in charity through golf while hoping to walk away with a variety of prizes. Mohd Aritz Maldini Haji Abd Majid, the champion, received the coveted Baiduri Masters Green Jacket and Challenge Trophy. The tournament also featured four hole-in-one prizes comprising a Porsche Macan, a BMW 520i, a Mini Cabriolet as well as a BMW Motorrad R Nine T motorcycle. From the tournament proceeds, donations totaling B$80,000 were presented to eight charity organizations during the prize presentation dinner held at Manggis Ballroom. These organizations were: YASKA (Children's Cancer Foundation), Pusat Ehsan Al-Ameerah Al-Hajjah Maryam, Learning Ladders Society, Child Development Centre, Dana Hospital RIPAS, SMARTER Brunei and JAPEM (Community Development Department, Ministry of Culture Youth and Sports).

The Baiduri Masters is organized by the Baiduri Bank Group with the support of the Ministry of Culture Youth and Sports, the Ministry of Health, and event partners QAF Brunei, QAF Auto, QAF Eurokars and Brunei Press Sdn Bhd.

Supporting the Development of Local Sports Talents

As a continued sign of our support towards the local community, Baiduri Bank signed on as the Official Bank Partner for Brunei's most prominent football team, DPMM FC, for the year's Singapore League (S-League). 2019 marked the fourth year that Baiduri Bank has been the Official Bank Partner for DPMM FC. In February 2019, Ak Nor Md Nizam, Group Treasurer and Head of Institutional Bank, and Dorothy Newn, Head of Group Corporate Communications of Baiduri Bank inked the deal in a Partnership Signing Ceremony at the Centrepoint Hotel.

Instilling Entrepreneurial Spirit among School Children

Since 2012, Baiduri Bank has been a supporter and major sponsor for the Junior Achievement (JA) Company Programme, JA's flagship after-school programme targeting secondary level students to operate their own business venture. 2019 saw the two teams from PTE Meragang and PTE Sengkurong from the national level Junior Achievement Company of the Year Competition 2018, represent Brunei in the Asia-Pacific level of the competition held in Manila, Philippines in March 2019.

The JA Company of the Year Programme provides students with experiential learning in planning, establishing and running their own businesses, with the help of established mentors. The country level of the 4th Annual JA Brunei Company of the Year Competition was held in September 2019. Seven teams participated in the competition, out of which, two teams from PTE Sengkurong and PTE Tutong were selected to represent Brunei in the Asia Pacific JA Company of the Year Competition 2020 to be held in Guam, USA in March 2020. Baiduri Bank sponsored the national level competition.

Supporting Green Initiatives: 15th Borneo Global Issues Conference

In support of initiatives to develop local youth and to promote awareness of global sustainable issues, for the fourth consecutive year, Baiduri Bank became a major sponsor of the 15th Borneo Global Issues Conference (BGIC) hosted by International School Brunei (ISB).

The conference, held in March 2019, saw 300 delegates from 25 schools across the Sultanate debate on global sustainable issues on the theme 'Climate Issues' led by two keynote speakers from USA and Kenya.

The conference focused on desertification, climate change education, rising sea levels, sustainable energy solutions, and the prevention of global temperatures rising beyond the 1.5 degree Celsius threshold.

16-year old Hannah Testa from USA is the founder of Hannah4Change. She conducts public speaking and campaign work on issues such as youth empowerment, ocean conservation and climate change and is engaged in environmental activism.

Rita Kimani from Kenya runs her own company back home which finances small-holder farmers. ISB BGIC is an annual student-led model United Nations conference where participants representing various countries, share their views on current and real-world issues.

The conference was aimed at expanding students' understanding of global citizenship and improving their public speaking and negotiation skills.

Youth Empowerment Conference

As a great believer that the youth are the leaders of tomorrow, Baiduri Bank became the Platinum sponsor of the Youth Empowerment Conference, a two-day event organized by Curious Minds held at the JIS Art Centre on 7 and 8 September 2019.

Under the sponsorship, Baiduri Bank provided a total of 100 seats on complimentary basis to students from five tertiary education institutions namely Institute of Brunei Technical Education, Laksamana College of Business, Cosmopolitan College, International Graduate Studies College and Politeknik Brunei.

The Youth Empowerment Conference provided a platform where participants can connect to international speakers, entrepreneurs, and youth leaders to help them build a network, increase their global awareness and prepare them for opportunities beyond Brunei through the use of technology. Over 700 youth aged between 15 and 25 participated in the conference.

UTB Excellence Awards

In continuing its commitment towards community development, Baiduri Bank sponsored two students at Universiti Teknologi Brunei's (UTB) Student Excellence Award. The Awards were part of UTB's Sixth Convocation Festival to celebrate the extraordinary achievements of the graduating class and took place at the International Convention Centre on 12 September 2019.

Under the sponsorship, Hajah Siti Nor Suriana binti Haji Abd Talip from the Master of Science by Coursework in Management and Technology, and Mohammad Eswady bin Brahim from the Bachelor of Science with Honours in Computing, were each awarded a B$500 cash prize and were offered a six-month internship with Baiduri Bank.

Blood Donation Campaign

In April 2019, employees and customers of Baiduri Bank Group, and members of the public contributed to the annual blood donation drive organised by Baiduri Bank Group in collaboration with Raja Isteri Pengiran Anak Saleha (RIPAS) Hospital Blood Bank.

The event, held at Baiduri Bank Headquarters in Kiarong, was part of the Group's annual Corporate Social Responsibility (CSR) programme aimed to help replenish the low blood supplies faced by the National Blood Bank in RIPAS Hospital.

This year's blood donation drive carried the theme 'Heroes Come in All Types' aimed at educating the public on how different blood types can save many lives. The event also aimed to cultivate the spirit of caring and giving among the bank's employees.

A total of 130 donors comprising staff, customers and members of the public joined in this initiative.

Helping Students from Less Privileged Families

During the Group's Chinese New Year Open House held in March, ten schools received donations as financial assistance for deserving students from underprivileged homes at the schools. The donations cover a year's school fees for each student.

Let's Give Back this Ramadhan

In the spirit of giving back to society, Baiduri Bank Group organized four events comprising of shopping activities and Iftar (breaking of fast) for underprivileged families in the country. A total of 40 families from all four districts (Brunei-Muara, Tutong, Belait and Temburong) benefitted from the programme in 2019.

The programme was intended to provide some relief for these families during Ramadhan by taking them shopping for household necessities in preparation for the upcoming Hari Raya Aidilfitri celebrations.

This spirit of caring for one another is a quality we value and encourage among our staff and is one of the pillars in our corporate responsibility program. This activity provides a hands-on opportunity for our employees to get to know the community better and are a key aspect of our corporate social responsibility framework.

The 'Let's Give Back this Ramadhan' campaign is an annual Baiduri Bank Group initiative towards helping the needy in the country during the month of Ramadhan. The families were identified through the Community Development Department (JAPEM), Ministry of Culture Youth and Sports.

INTERNATIONAL AWARDS AND RECOGNITIONS

In 2019, the Baiduri Bank Group received four major banking awards and recognition.

Bank of the Year 2019

For the fourteenth time, Baiduri Bank won the coveted Bank of the Year award from The Banker, UK. Ti Eng Hui, CEO of Baiduri Bank received the award at a gala black-tie dinner at the Sheraton Grand London Park Lane, London in November 2019.

In determining the award winners, The Banker, the world's premier banking and finance resource, looks beyond raw data. The editorial team looks for evidence of banks setting new standards for their local industries whether it is through the use of new technology or innovative ways of expanding their business. The judging is carried out by an editorial committee based on submitted entries, data from The Banker's database and the editor's personal knowledge of the market.

Best Bank Awards 2019

Global Finance named Baiduri Bank as the country winner for Brunei in the Best Banks Award. The award was presented to Ti Eng Hui, CEO of Baiduri Bank during the Global Finance's Awards Ceremony at the National Press Club in Washington DC in October 2019. This award marks Baiduri Bank's fifth award from Global Finance: The 'Best Banks in Asia-Pacific' award for Brunei in 2016, 2017, 2019 and the 'Safest Bank in Brunei' in 2014 and 2015. Global Finance's award criteria include growth in assets, profitability, strategic relationships, customer service, competitive pricing and innovative products or solutions.

The Best Banking Group 2019

For the eleventh year running, Baiduri Bank won the Best Banking Group from World Finance Magazine. Mr Ti Eng Hui, CEO of Baiduri Bank received the award at the London Stock Exchange Studios, London in July 2019. The Best Banking Group award reflects Baiduri Bank Group's strong performance in customer service, compliance and innovation among other factors. World Finance is a quarterly print and online magazine providing comprehensive coverage and analysis of the financial industry, international business and the global economy.

Domestic Retail Bank of the Year for Brunei 2019

Baiduri Bank received the Domestic Retail Bank of the Year award for the seventh year in a row from the Asian Banking & Finance magazine. Present to receive the award during the awards ceremony at the Shangri-La, Singapore in July 2019, was Pengiran Azaleen bin Pengiran Dato Haji Mustapha, Deputy CEO and Head of Retail Banking and Branch Network at Baiduri Bank.

Baiduri Bank's Retail Banking Division underwent enhancements in 2018 to better cater to the needs of the Bank's diverse customer base. Among others, our customer programmes Baiduri Prestige and Baiduri Smart Executive, were revamped. This revamp saw the introduction of the Mastercard World debit card exclusively for Baiduri Prestige members, a first for Brunei.

International Credit Rating

In July 2019, Standard & Poor's (S&P) Baiduri Bank's credit rating of BBB+/A-2 with Stable Outlook based on the expectation that the Bank will maintain its high systemic importance in Brunei and S&P's view that Baiduri Bank's financial profile will remain steady due to the bank's adequate internal capital accruals amid single digit growth over the next 18 to 24 months.

REPORT OF THE DIRECTORS

The directors have the pleasure to present in presenting their annual report and audited consolidated financial statements of Baiduri Bank as well as its subsidiaries (the "Group") for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITITES

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 January 1, 2019	73,422	142,237
Total profits for the financial year	56,232	56,526
Transferred to Statutory Reserve from		
Retained Earnings	(14,058)	(17,565)
Dividends paid	(17,000)	(17,000)
Balance as at December 31, 2019	98,596	164,198

RESERVES AND PROVISIONS

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

CONSOLIDATED FINANCIAL STATEMENTS

The state of affairs of the Bank and the Group as at 31 December 2019 is set out in the Statements of Financial Position. These consolidated financial statements were approved by the Board of Directors on 19 March 2020.

REPORT OF THE DIRECTORS

DIVIDEND

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

	B$
Final dividend paid in respect of the financial year ended 31 December 2018	17,000,000

At the forthcoming Annual General Meeting, a final dividend of B$18,750,000 in respect of the financial year ended 31 December 2019 will be proposed for shareholders' approval.

SHARE CAPITAL

On June 11, 2019, the issued share capital was increased to B$180,000,000 by the issuance of 30,000,000 ordinary shares of B$1 each.

The newly issued shares rank pari passu in all respects with the existing shares of the Bank.

DIRECTORS

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

YAM Pengiran Muda Dr Abdul Fattaah

YM Dato Paduka Timothy Ong Teck Mong

YM Dato Seri Paduka Dr Awg Haji Abdul Manaf Bin Haji Metussin
(appointed on 19 March 2020)*

YM Hajah Rahayu Binti Dato Paduka Haji Abdul Razak
(appointed on 19 March 2020)*

Pierre Imhof
(appointed on 1 April 2019)

Bertie Cheng Shao Shiong

Francis Gerard Caze
(resigned on 31 March 2019)

Dayang Norliah Binti Haji Kula
(resigned on 1 January 2020)

Haji Sofian Bin Jani
(resigned on 15 February 2020)

**The above appointments are subject to AMBD's approval, pursuant to Paragraph 3 of the AMBD Notice on Key Responsible Person (Notice No. BU/N-6/2017/41).*

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

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

DIRECTORS' INTERESTS IN SHARES AND/OR DEBENTURES

The directors' holding office at the end of the financial year had no interests in the share capital or debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the Bank except as follows:

	Holdings registered under the name of director or nominee	
Name of directors and companies in which interests are held	At 31 December 2019	At 1 January 2019 or date of appointment, if later
Subsidiary company		
Baiduri Finance Berhad		
(Ordinary shares)		
YAM Pengiran Muda Abdul Fattaah	1	1
YM Dato Paduka Timothy Ong Teck Mong	1	1

DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

AUDITORS

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

ON BEHALF OF THE BOARD

DIRECTOR

DIRECTOR

DIRECTOR

Brunei Darussalam
Date: 19 March 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAIDURI BANK BERHAD AND ITS SUBSIDIARIES (Incorporated in Brunei Darussalam)

Opinion

We have audited the financial statements of Baiduri Bank Berhad (the "Bank") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Bank and the Group as at December 31, 2019 and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Bank and the Group for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 99.

In our opinion, the accompanying financial statements of the Bank and the Group are properly drawn up in accordance with the provisions of the Brunei Darussalam Companies Act, Cap. 39 (the "Act"), the Banking Order, 2006 (the "Order") and International Financial Reporting Standards ("IFRS"), so as to give a true and fair view of the financial position of the Bank and the Group as at December 31, 2019 and of the financial performance, changes in equity and cash flows of the Bank and Group for the financial year ended on that date.

Basis for Opinion

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

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

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

Network ("the Reports") which are expected to be made available to us after that date.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of Directors for the Consolidated Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Bank's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act and the Order to be kept by the Bank and the Group have been properly kept in accordance with the provisions of the Act and the Order. We have obtained all the information and explanations that we required.

Deloitte Touche

DELOITTE & TOUCHE
Certified Public Accountants

HAJI ZULFARIQ ZARA BIN HAJI ZAINUDDIN
Public Accountant

Brunei Darussalam
Date: 19 March 2020

STATEMENTS OF PROFIT OR LOSS

For The Year ended 31 December 2019

		Bank			Group		
	Note	2019 B$'000	2018 B$'000	Change	2019 B$'000	2018 B$'000	Change
Income							
Interest Income		104,054	103,288	0.74%	159,096	159,899	-0.50%
Interest Expense		(19,389)	(17,014)	13.96%	(21,702)	(20,964)	3.52%
Net Interest Income	5	84,665	86,274	-1.86%	137,394	138,935	-1.11%
Fee Income		9,047	9,566	-5.43%	9,940	10,408	-4.50%
Fee Expense		(420)	(312)	34.62%	(584)	(458)	27.51%
Net Fee Income		8,627	9,254	-6.78%	9,356	9,950	-5.97%
Other Operating Income	6	49,928	62,836	-20.54%	27,093	26,714	1.42%
Net (Loss)/gain from Other Financial Instruments at Fair Value through Profit or Loss	7	(328)	(1,443)	-77.27%	(328)	(1,443)	-77.27%
Net Other Operating Income		49,600	61,393	-19.21%	26,765	25,271	5.91%
Total Operating Income before Impairment Charges and Allowances		142,892	156,921	-8.94%	173,515	174,156	-0.37%
Less:							
Personnel Expenses	8	(32,302)	(32,686)	-1.17%	(38,415)	(38,673)	-0.67%
Provision for End of Service Benefits		(2,000)	(1,000)	100.00%	(2,288)	(1,288)	77.64%
Other Overhead Expenses	9	(35,979)	(33,321)	7.98%	(56,578)	(54,433)	3.94%
Total Operating Expenses		(70,281)	(67,007)	4.89%	(97,281)	(94,394)	3.06%
Less:							
Impairment Losses for Loans	4.4	(18,942)	(17,050)	11.10%	(28,349)	(29,578)	-4.16%
Loans/Financing Written-off		(851)	(7)	12057.14%	(851)	(7)	12057.14%
Impairment of Investments		-	(84)	-100.00%	-	(84)	-100.00%
Recoveries of Loans/ Financing Written-off		10,274	7,174	43.21%	21,636	18,873	14.64%
New Impairment Charges and Allowances		(9,519)	(9,967)	-4.49%	(7,564)	(10,796)	-29.94%
Profit before Taxation		63,092	79,947	-21.08%	68,670	68,966	-0.43%
Less: Income Tax Expense	10	(6,860)	(9,305)	-26.28%	(12,144)	(14,025)	-13.41%
Profit after taxation / Profit for the Year		56,232	70,642	-20.40%	56,526	54,941	2.88%

The significant accounting policies and the notes from pages 12 to 99 form an integral part of the consolidated financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

For The Year ended 31 December 2019

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Profit after Taxation / Profit for the year	**56,232**	70,642	**56,526**	54,941
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	**56,232**	70,642	**56,526**	54,941

The significant accounting policies and the notes from pages 43 to 101 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

		Bank			Group		
	Note	2019 B$'000	2018 B$'000	Change	2019 B$'000	2018 B$'000	Change
ASSETS							
Cash and Short Term Funds	11	**1,679,281**	1,948,064	-13.80%	**1,685,913**	1,953,743	-13.71%
Balances with AMBD	12	**-**	-	-%	**53,080**	57,126	-7.08%
Derivative Assets	13	**596**	179	232.96%	**596**	179	232.96%
Government Sukuk	14	**75,553**	24,660	206.38%	**75,553**	24,660	206.38%
Investment Securities	15	**80,061**	63,033	27.01%	**80,061**	63,033	27.01%
Loans and Advances	16	**1,193,611**	1,263,254	-5.51%	**1,988,291**	2,067,235	-3.82%
Group Balances Receivable	17	**341**	-	100.00%	**-**	-	100.00%
Investments in Subsidiaries	18	**47,949**	47,949	0.00%	**-**	-	-
Other Assets	19	**8,708**	10,356	-15.91%	**36,965**	38,401	-3.74%
Right-of-use Assets	20	**3,059**	-	100.00%	**4,960**	-	100.00%
Property, Plant and Equipment	21	**50,600**	35,134	44.02%	**51,497**	35,700	44.25%
Total Assets		**3,139,759**	3,392,629	-7.45%	**3,976,916**	4,240,077	-6.21%
LIABILITIES AND EQUITY							
Deposits from Customers	22	**2,415,529**	2,643,869	-8.64%	**3,320,997**	3,584,979	-7.36%
Deposits from Banks and Other Financial Institutions	23	**211,804**	226,612	-6.53%	**3,890**	4,676	-16.81%
Derivative Liabilities	13	**36**	124	-70.97%	**36**	124	-70.97%
Borrowings	24	**-**	54,641	-100.00%	**-**	54,641	100.00%
Lease Liabilities	25	**3,139**	-	100.00%	**5,089**	-	100.00%
Group Balances Payable	17	**-**	5,222	-100.00%	**-**	-	-%
Other Liabilities	26	**71,795**	61,365	17.00%	**83,923**	71,407	17.53%
Deferred Taxation	27	**7,446**	8,446	-11.84%	**7,493**	8,493	-11.77%
Provision for Taxation	10	**16,449**	18,021	-8.72%	**40,085**	39,880	0.51%
Total Liabilities		**2,726,198**	3,018,300	-9.68%	**3,461,513**	3,764,200	-8.04%
SHAREHOLDERS' EQUITY							
Share Capital	28	**180,000**	150,000	20.00%	**180,000**	150,000	20.00%
Statutory Reserves	29	**129,811**	145,753	-10.94%	**166,051**	178,486	-6.97%
Other Reserves	30	**103,750**	78,576	32.04%	**169,352**	147,391	14.90%
Total Shareholders' Funds / Total Equity		**413,561**	374,329	10.48%	**515,403**	475,877	8.31%
Total Liabilities and Equity		**3,139,759**	3,392,629	-7.45%	**3,976,916**	4,240,077	-6.21%
Off Balance Sheet items:							
CONTINGENCIES AND COMMITMENTS	31	**927,298**	830,449	11.66%	**927,298**	830,449	11.66%

The significant accounting policies and the notes from pages 43 to 101 form an integral part of the financial statements.

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

The significant accounting policies and the notes from pages 43 to 101 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Year ended 31 December 2019

Bank	Share Capital B$'000	Statutory Reserve B$'000	General Reserve B$'000	Retained Earnings: Retained Earnings B$'000	Retained Earnings: Prudential Reserve for Credit Losses B$'000	Total Equity B$'000
Balance as at January 1, 2018	150,000	128,093	5,154	71,940	-	355,187
Net profit for the year	-	-	-	70,642	-	70,642
Transfer to:						
- Statutory reserve	-	17,660	-	(17,660)	-	-
- Prudential reserve for credit losses	-	-	-	(25,282)	25,282	-
Dividends paid	-	-	-	(51,500)	-	(51,500)
Balance as at December 31, 2018	150,000	145,753	5,154	48,140	25,282	374,329
Net profit for the year	-	-	-	56,232	-	56,232
Transfer to:						
- Statutory reserve	-	14,058	-	(14,058)	-	-
- Prudential reserve for credit losses	-	-	-	23,410	(23,410)	-
- Increase Share Capital	30,000	(30,000)	-	-	-	-
Dividends paid	-	-	-	(17,000)	-	(17,000)
Balance as at December 31, 2019	180,000	129,811	5,154	96,724	1,872	413,561

Group	Share Capital B$'000	Statutory Reserve B$'000	General Reserve B$'000	Retained Earnings: Retained Earnings B$'000	Retained Earnings: Prudential Reserve for Credit Losses B$'000	Total Equity B$'000
Balance as at January 1, 2018	150,000	157,627	5,154	159,655	-	472,436
Net profit for the year	-	-	-	54,941	-	54,941
Transfer to:						
- Statutory reserve	-	20,859	-	(20,859)	-	-
- Prudential reserve for credit losses	-	-	-	(25,524)	25,524	-
Dividends paid	-	-	-	(51,500)	-	(51,500)
Balance as at December 31, 2018	150,000	178,486	5,154	116,713	25,524	475,877
Net profit for the year	-	-	-	56,526	-	56,526
Transfer to:						
- Statutory reserve	-	17,565	-	(17,565)	-	-
- Prudential reserve for credit losses	-	-	-	23,190	(23,190)	-
- Increase Share Capital	30,000	(30,000)	-	-	-	-
Dividends paid	-	-	-	(17,000)	-	(17,000)
Balance as at December 31, 2019	180,000	166,051	5,154	161,864	2,334	515,403

The significant accounting policies and the notes from pages 43 to 101 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For The Year ended 31 December 2019

	Note	Bank		Group	
		2019	2018	2019	2018
		B$'000	B$'000	B$'000	B$'000
Cash flows from operating activities					
Profit before taxation:		63,092	79,947	68,670	68,966
Adjustments for non-cash items:					
Depreciation of Property, Plant and Equipment	21	4,888	5,236	5,198	5,640
Depreciation of Right-of-use Assets		1,036	-	1,533	-
Net Gain on disposal of Property, Plant and Equipment		(47)	(16)	(47)	(16)
Net Loss from Other Financial Instruments at Fair Value through Profit or Loss		328	1,443	328	1,443
Interest Expense on Lease Liabilities		195	-	313	-
Impairment of Investments		-	84	-	84
Impairment Losses for Loans		18,942	17,050	28,349	29,578
Operating Profit Before Change in Operating Assets and Liabilities		88,434	103,744	104,344	105,695
Change in Operating assets and liabilities:					
Placements with Banks		158,731	(166,576)	181,446	(328,206)
Balances with AMBD		-	-	4,046	4,849
Derivative Assets		(417)	49	(417)	49
Loan and Advances		50,701	(34,962)	50,595	13,416
Other Assets		1,307	5,762	1,436	6,984
Deposits from Customers		(228,414)	384,745	(264,055)	306,211
Deposits from Banks and Other Financial Institutions		(14,808)	(2,922)	(786)	923
Derivative Liabilities		(88)	13	(88)	13
Other Liabilities		5,208	3,258	12,516	4,546
Cash from operating activities		60,654	293,111	89,037	114,480
Income tax paid		(9,432)	(7,257)	(12,939)	(10,692)
Net cash from used in operating activities		51,222	285,854	76,098	103,788
Cash flows from investing activities	21				
Purchase of Property, Plant and Equipment		(20,346)	(9,821)	(20,987)	(9,896)
Proceeds from Disposal of Property, Plant and Equipment		39	16	39	16
Net investments		(68,176)	1,242	(68,176)	1,242
Investment in Subsidiary		-	(20,000)	-	-
Net cash used in investing activities		(88,483)	(28,563)	(89,124)	(8,638)
Cash flows from financing activities					
Net decrease in borrowings		(54,641)	(25,611)	(54,641)	(25,611)
Payment of obligations under leases		(956)	-	(1,404)	-
Dividends paid		(17,000)	(51,500)	(17,000)	(51,500)
Interest paid on lease liabilities		(195)	-	(313)	-
Net cash used in financing activities		(72,792)	(77,111)	(73,358)	(77,111)
Net change in Cash and Cash Equivalents		(110,053)	180,180	(86,384)	18,039
Cash and Cash Equivalents at January 1		1,570,441	1,390,261	1,414,491	1,396,452
Cash and Cash Equivalents as at December 31	32	1,460,388	1,570,441	1,328,107	1,414,491

1 GENERAL

Baiduri Bank Berhad (the "Bank") is incorporated in Negara Brunei Darussalam with its principal place of business and registered office at Units 1-4, Block A, Kiarong Complex, Lebuhraya Sultan Hassanal Bolkiah, Bandar Seri Begawan BE1318, Negara Brunei Darussalam. The Bank carries on the business of banking and related financial services including dealing in investment securities and e-financial services. There have been no significant changes in the nature of these activities during the financial year.

The consolidated financial statements were authorised for issue by the Board of Directors on March 19, 2020.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF FINANCIAL STATEMENTS PREPARATION

The financial statements of the Bank and the Group have been prepared in accordance with the Brunei Darussalam Companies Act, Cap. 39, the Brunei Banking Order, 2006 and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Details of the Bank and the Group's accounting policies, including changes during the year, are included in Notes 2.4 and 2.6.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries. Control is achieved when the Bank:

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

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

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

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

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

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

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

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

2.3 BASIS OF MEASUREMENT

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.4 NEW AND REVISED IFRSs AFFECTING THE REPORTED FINANCIAL PERFORMANCE AND/OR FINANCIAL POSITION

General impact of application of IFRS 16 Leases

In the current year, the Group has applied IFRS 16 Leases (as issued by the IASB in January 2016).

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 2.6. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements are described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has applied IFRS 16 using the cumulative catch up approach which:

- Requires the Group to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- Does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 to not reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risk and rewards' in IAS 17 and IFRC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in IFRS 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

Impact on lessee accounting

Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

- Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);

- Recognises depreciation of right-of-use-assets and interest on lease liabilities in the statements of profit or loss; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statements of profit or loss.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as office equipment), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the statements of profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The Group has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statements of financial position immediately before the date of initial application as an alternative to performing an impairment review;
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application;
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

Financial impact of initial application of IFRS 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statements of financial position on 1 January 2019 is 5.5%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statements of financial position at the date of initial application.

The Group has assessed that there is no tax impact arising from the application of IFRS 16.

	2019	
	Bank B$'000	Group B$'000
Opening lease commitments at December 31, 2018	4,111	6,395
Less: Short-term leases and leases of low value assets	(995)	(995)
Add/(Less): Effect of discounting and other additions	979	1,093
Lease liabilities recognised as at 1 January 2019	4,095	6,493

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statements of financial position immediately before the date of initial application. Consequently, the Bank (Group) recognised right-of-use assets of $4,095,000 ($6,493,000) on 1 January 2019 and there is no adjustment to the prepayments, accruals or opening balances of retained earnings.

The principal accounting policies are set out below.

2.5 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

2.5.1 Interest

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

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

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

2.5.2 Fees and commission

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

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

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

2.5.3 Other operating income

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

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

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

2.6 LEASING

Leases (effective prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leases (effective after 1 January 2019)

The Group assesses

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate specific to the lease.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

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

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

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

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

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

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

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

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

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

2.7 FOREIGN CURRENCIES

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

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

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

2.8 TAXATION

2.8.1 Current tax

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

2.8.2 Deferred tax

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

2.8.3 Current and deferred tax for the year

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

2.9 PROPERTY, PLANT AND EQUIPMENT

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

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

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

Freehold Land and Buildings	50 years (buildings)
Leasehold Land and Buildings	Over period of the lease
Leasehold Improvements	5 – 20 years
Computers	2 - 8 years
Equipment / Furniture	5 years
Motor vehicles	5 years

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

2.10 PROVISIONS

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

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

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

2.10.1 Onerous contracts

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

2.11 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

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

2.11.1 Financial assets

(i) Financial assets at amortised cost or at FVTOCI

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

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

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

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

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

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

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

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

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

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

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

(ii) Financial assets at FVTPL

Financial assets at FVTPL are:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'net gain/(loss) from Other Financial Instruments at Fair Value through Profit or Loss' line item. Fair value is determined in the manner described in Note 4.

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

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

(iii) Reclassifications

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

(iv) Foreign exchange gains and losses

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

Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other Operating Income' line item; and
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'Other Operating Income' line item.

Other exchange differences are recognised in OCI in the investments revaluation reserve;

- For financial assets measured at FVTPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in profit or loss either in 'Net trading income', if the asset is held for trading, or in 'Net (loss)/ gain from other financial instruments at fair value through profit or loss' if otherwise held at FVTPL; and
- For equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investments revaluation reserve.

(v) Impairment

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

- Loans and advances
- Government Sukuk
- Investment Securities
- Loan commitments issued
- Financial guarantee contracts issued

No impairment loss is recognised on equity investments.

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

- 12-month ECL i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- Full lifetime ECL i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

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

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

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

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

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

(vi) Credit-Impaired financial assets

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

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

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

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

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

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

(viii) Definition of default

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

The Group considers the following as constituting an event of default:

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

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators as highlighted in 2.11.1 (vi)

(ix) Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The

Group's accounting policy is not to use the practical expedient that financial assets with "low" credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

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

As a back-stop when an asset is more than 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

(x) Modification and derecognition of financial assets

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

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

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

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is greater than 10%, the Group deems the arrangement to be substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to write-off, the Group considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

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

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

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

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

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

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

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

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

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

(xi) Write off

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

(xii) Presentation of allowance for ECL in the statements of financial position Loss allowances for ECL are presented in the statements of financial position as follows:

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

2.11.2 Financial liabilities and equity instruments classifications

Classification as debt or equity

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

2.11.3 Equity instruments

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

2.11.4 Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or/as other financial liabilities.

For all financial liabilities, the amounts presented on the statements of financial position represent all amounts payable including interest accruals.

2.11.5 Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; and
- It is a derivative that is not designated and effective as a hedging instrument.

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

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

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

2.11.6 Other financial liabilities

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.11.7 Financial guarantee contracts

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

Financial guarantee contracts issued by the Bank are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

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

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

2.11.8 Derecognition of financial liabilities

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

2.11.9 Derivative financial instruments

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

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

2.11.10 Embedded derivatives

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

2.12 EMPLOYEE BENEFITS

2.12.1 Defined contribution plans

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

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

2.12.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods.

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

2.12.3 Short-term employee benefits

Short-term employees benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under salary and wages or accumulated paid absence if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 STANDARDS ISSUED BUT NOT YET EFFECTIVE

As at 1 January 2019, other than IFRS 16, there were no other new standards effective and relevant for the Group's operations for which adoption had a material impact on the Group's financial statements.

The following accounting standards have been issued by the International Accounting Standards (IASB) but are not yet effective for the Group and earlier application is permitted. However, the Group has not earlier applied the following accounting standards in preparing these financial statements.

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Accounting standards	Summary of the requirements	Possible impact on consolidated financial statements
IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an investor and its Associate or Joint Venture	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.	The Group does not anticipate that the application of amendments to IFRS 10 and IAS 28 will have a material impact on its consolidated financial statements.
Amendments to IFRS 3 Definition of a business	The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.	The Group does not anticipate that the amendments to IFRS 3 will have a material impact on its consolidated financial statements.

Accounting standards	Summary of the requirements	Possible impact on consolidated financial statements
Amendments to IAS 1 and IAS 8 Definition of Material	The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the *Conceptual Framework* that contain a definition of material or refer to the term 'material' to ensure consistency. The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.	The Group does not anticipate that the amendments to IAS 1 and IAS 8 will have a material impact on its consolidated financial statements.
Amendments to References to the Conceptual Framework in IFRS Standards	Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the *Conceptual Framework* in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.	The Group does not anticipate that the amendments to references to the Conceptual Framework in IFRS standards will have a material impact on its consolidated financial statements.

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

3.1 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- Business model assessment: Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the assets are held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continue to be appropriate and if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets;
- Significant increase of credit risk: As explained in note 2, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk on an asset has significantly increase, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information;
- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change, there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ;
- Models and assumptions used: The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models including assumptions that relate to key drivers of credit risk; and
- Determination of life of revolving credit facilities: The Group measures ECL considering the risk of default over the maximum contractual period. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Group's contractual

ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

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

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario: When measuring ECL, the Group uses reasonable and supportable forward looking information which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other;
- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions;
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive taking into account cash flows from collateral; and
- Fair value measurement and valuation process: In estimating the fair value of a financial asset or a liability, the Group uses market observable data to the extend it is available. Where such level 1 inputs are not available, the Group uses valuation models to determine the fair value of its financial instruments.

4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES

4.1 CAPITAL MANAGEMENT

The Group's regulator, Autoriti Monetari Brunei Darussalam sets and monitors capital requirements for the Group.

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

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

The Group has complied with all imposed capital requirements for the financial years ended December 31, 2018 and 2019. Management monitors capital based on "capital funds" as defined under the Banking Order, 2006.

4.1 CAPITAL MANAGEMENT (cont'd)

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Capital				
Core Capital (Tier I Capital)	394,811	374,329	496,653	475,877
Supplementary Capital (Tier II Capital)	19,631	21,174	23,955	22,752
Less: Investment in Subsidiaries	(47,949)	(47,949)	-	-
Total Capital base	366,493	347,554	520,608	498,629
Risk-weighted amount	1,570,495	1,693,901	2,212,715	2,333,188
Risk-Weighted amount for Credit Risk	265,271	250,534	324,674	308,754
Risk-Weighted amount for Operational and Market Risk	1,802	1,904	1,779	2,023
Total Risk-weighted amount	1,837,568	1,946,339	2,539,168	2,643,965
Capital Ratios				
Core Capital (Tier I) Ratio, %	21.49%	19.23%	19.56%	18.00%
Total Capital Ratio, %	19.94%	17.86%	20.50%	18.86%

4.2 CATEGORIES OF FINANCIAL INSTRUMENTS

	2019			2018		
Bank	Mandatory At Fair Value Through Profit or Loss B$'000	At Amortised Cost B$'000	Total Carrying Amount B$'000	MandatoryAt Fair Value Through Profit or Loss B$'000	At Amortised Cost B$'000	Total Carrying Amount B$'000
Financial Assets						
Cash and Short Term Funds	-	1,679,281	1,679,281	-	1,948,064	1,948,064
Derivative Assets	596	-	596	179	-	179
Government Sukuk	-	75,553	75,553	-	24,660	24,660
Investment Securities	14,725	65,336	80,061	22,958	40,075	63,033
Loans and Advances	-	1,193,611	1,193,611	-	1,263,254	1,263,254
Group Balances Receivable	-	341	341	-	-	-
Others Assets	-	6,984	6,984	-	8,805	8,805
Total Financial Assets	15,321	3,021,106	3,036,427	23,137	3,284,858	3,307,995
Financial Liabilities						
Deposits from Customers	14,540	2,400,989	2,415,529	22,112	2,621,757	2,643,869
Deposits from Banks and Other Financial Institutions	-	211,804	211,804	-	226,612	226,612
Derivative Liabilities	36	-	36	124	-	124
Borrowings	-	-	-	-	54,641	54,641
Lease Liabilities	-	3,139	3,139	-	-	-
Group Balances Payable	-	-	-	-	5,222	5,222
Other Liabilities	-	63,400	63,400	-	54,122	54,122
Total Financial Liabilities	14,576	2,679,332	2,693,908	22,236	2,962,354	2,984,590

4.2 CATEGORIES OF FINANCIAL INSTRUMENTS (cont'd)

	2019			2018		
Group	Mandatory At Fair ValueThrough Profit or Loss B$'000	At Amortised Cost B$'000	Total Carrying Amount B$'000	Mandatory At Fair Value Through Profit or Loss B$'000	At Amortised Cost B$'000	Total Carrying Amount B$'000
Financial Assets						
Cash and Short Term Funds	-	1,685,913	1,685,913	-	1,953,743	1,953,743
Balances with AMBD	-	53,080	53,080	-	57,126	57,126
Derivative Assets	596	-	596	179	-	179
Government Sukuk	-	75,553	75,553	-	24,660	24,660
Investment Securities	14,725	65,336	80,061	22,958	40,075	63,033
Loans and Advances	-	1,988,291	1,988,291	-	2,067,235	2,067,235
Others Assets	-	35,163	35,163	-	36,771	36,771
Total Financial Assets	**15,321**	**3,903,336**	**3,918,657**	23,137	4,179,610	4,202,747
Financial Liabilities						
Deposits from Customers	14,540	3,306,457	3,320,997	22,112	3,562,867	3,584,979
Deposits from Banks and Other Financial Institutions	-	3,890	3,890	-	4,676	4,676
Derivative Liabilities	36	-	36	124	-	124
Borrowings	-	-	-	-	54,641	54,641
Lease Liabilities	-	5,089	5,089	-	-	-
Other Liabilities	-	73,386	73,386	-	61,995	61,995
Total Financial Liabilities	**14,576**	**3,388,822**	**3,403,398**	22,236	3,684,179	3,706,415

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

Bank and Group	Gross amounts of Recognised Financial Assets/ Liabilities	Gross amounts of recognised Financial Liabilities / Assets set off in the Statements of Financial Position	Net amounts of Financial Assets presented in the Statements of Financial Position	Related Amounts not set off in the Statements of Financial Position		
				Financial Instruments	Cash Collateral received	Net amount
	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000
2019						
Type of Financial Asset						
Other Assets: Rental income receivable	11	-	11	-	11	-
	11	-	11	-	11	-
Type of Financial Liability						
Other Liabilities: Refundable deposits	11	-	11	-	11	-
from Tenants	11	-	11	-	11	-
2018						
Type of Financial Asset						
Other Assets: Rental income receivable	9	-	9	-	9	-
	9	-	9	-	9	-
Type of Financial Liability						
Other Liabilities: Refundable deposits	11	-	11	-	9	2
from Tenants	11	-	11	-	9	2

4.4 FINANCIAL RISK MANAGEMENT OBJECTIVES

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

- credit risk;
- liquidity risk;
- market risks; and
- operational risks.

Risk management framework

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

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

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

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

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

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

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

Credit risk

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

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

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

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

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

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

The Group applies probabilities to the forecast scenarios identified. The “base-case” scenario is the single most likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group performed a sensitivity analysis on how ECL on the main portfolios will change if the key assumption to the downside weight to the weighted ECL increased by 10%. The total weighted ECL should then be increased by B$31,000 (2018: B$42,000) based on the above assumption.

Measurement of ECL

The key inputs used for measurement ECL are:

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

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

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

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

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

The Group measures ECL considering the risk of default over the maximum contractual period over which the entity is exposed to credit risk. The measurement of ECL is based on “base-case” scenario. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk, it may be necessary to perform the assessment on a collective basis.

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

Credit Quality

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

Class of Financial Instruments	Financial Statement Line
Loan and Advances to customers at amortised cost	Loans and Advances
Government Sukuk at amortised cost	Government Sukuk
Investment securities at amortised cost	Investment Securities
Loan commitments and financial guarantee contracts	Other Liabilities - Provision

Concentration of credit risk

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

	Loans and Advances		Contingencies and Other Commitments		Total	
	2019	2018	2019	2018	2019	2018
Bank	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000
Agriculture	3,997	4,884	3,381	3,694	7,378	8,578
Constructions and Property Financing	464,690	486,175	82,231	63,417	546,921	549,592
Financial	-	-	64,857	67,257	64,857	67,257
Infrastructure	5,186	6,682	3,842	671	9,028	7,353
Manufacturing	49,839	57,243	81,990	86,675	131,829	143,918
Personal and Consumption Loans	206,523	216,416	9,802	10,636	216,325	227,052
Services	176,039	159,484	361,479	271,498	537,518	430,982
Telecommunication and Information Technology	6,916	9,195	6,190	3,871	13,106	13,066
Tourism	20,248	21,340	3,563	2,375	23,811	23,715
Traders	174,794	172,741	137,762	139,258	312,556	311,999
Transportation	172,168	236,968	172,201	181,097	344,369	418,065
Total	1,280,400	1,371,128	927,298	830,449	2,207,698	2,201,577

	Loans and Advances		Contingencies and Other Commitments		Total	
	2019	2018	2019	2018	2019	2018
Group	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000
Constructions and Property Financing	3,997	4,884	3,381	3,694	7,378	8,578
Financial	464,690	486,175	82,231	63,417	546,921	549,592
Infrastructure	-	-	64,857	67,257	64,857	67,257
Manufacturing	5,186	6,682	3,842	671	9,028	7,353
Personal and Consumption Loans	49,839	57,243	81,990	86,675	131,829	143,918
Services	206,523	216,416	9,802	10,636	216,325	227,052
Telecommunication and Information Technology	176,039	159,484	361,479	271,498	537,518	430,982
Tourism	6,916	9,195	6,190	3,871	13,106	13,066
Traders	20,248	21,340	3,563	2,375	23,811	23,715
Transportation	174,794	172,741	137,762	139,258	312,556	311,999
Total	974,816	1,051,133	172,201	181,097	1,147,017	1,232,230
	2,083,048	2,185,293	927,298	830,449	3,010,346	3,015,742

Non-performing loans and advances

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

	Total Credit Exposure		Non-performing Loans		%	
	2019	2018	2019	2018	2019	2018
Bank	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000
Agriculture	7,378	8,578	-	-	0.00%	0.00%
Constructions and Property Financing	546,921	549,592	28,066	33,215	5.13%	6.04%
Financial	64,857	67,257	-	-	0.00%	0.00%
Infrastructure	9,028	7,353	-	-	0.00%	0.00%
Manufacturing	131,829	143,918	1,558	882	1.18%	0.61%
Personal and Consumption Loans	216,325	227,052	16,908	22,795	7.82%	10.04%
Services	537,518	430,982	7,012	29,972	1.30%	6.95%
Telecommunication and Information Technology	13,106	13,066	723	-	5.52%	0.00%
Tourism	23,811	23,715	542	-	2.28%	0.00%
Traders	312,556	311,999	29,646	26,827	9.49%	8.60%
Transportation	344,369	418,065	492	-	0.14%	0.00%
Total	2,207,698	2,201,577	84,947	113,691		

	Total Credit Exposure		Non-performing Loans		%	
	2019	2018	2019	2018	2019	2018
Group	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000
Agriculture	7,378	8,578	-	-	0.00%	0.00%
Constructions and Property Financing	546,921	549,592	28,066	33,215	5.13%	6.04%
Financial	64,857	67,257	-	-	0.00%	0.00%
Infrastructure	9,028	7,353	-	-	0.00%	0.00%
Manufacturing	131,829	143,918	1,558	882	1.18%	0.61%
Personal and Consumption Loans	216,325	227,052	16,908	22,795	7.82%	10.04%
Services	537,518	430,982	7,012	29,972	1.30%	6.95%
Telecommunication and Information Technology	13,106	13,066	723	-	5.52%	0.00%
Tourism	23,811	23,715	542	-	2.28%	0.00%
Traders	312,556	311,999	29,646	26,827	9.49%	8.60%
Transportation	1,147,017	1,232,230	9,423	11,670	0.82%	0.95%
Total	3,010,346	3,015,742	93,878	125,361		

Bank	31 December 2018 Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Non past due	1,172,480	15,426	5,044	2,409	1,195,359
Month-in-arrear 1	-	4,425	1,467	21	5,913
Month- in- arrear 2	-	3,123	885	-	4,008
Month- in-arrear 3 and above	-	-	71,420	3,700	75,120
Total gross carrying amount	1,172,480	22,974	78,816	6,130	1,280,400
Loss allowances	(23,065)	(8,833)	(54,230)	(661)	(86,789)
Net carrying amount	1,149,415	14,141	24,586	5,469	1,193,611

Bank	31 December 2019 Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Non past due	1,239,686	6,574	1,587	3,421	1,251,268
Month-in-arrear 1	-	9,513	5,336	118	14,967
Month- in- arrear 2	-	1,664	2,154	-	3,818
Month- in-arrear 3 and above	-	-	94,933	6,142	101,075
Total gross carrying amount	1,239,686	17,751	104,010	9,681	1,371,128
Loss allowances	(21,791)	(10,163)	(75,906)	(14)	(107,874)
Net carrying amount	1,217,895	7,588	28,104	9,667	1,263,254

Group	31 December 2018 Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Non past due	1,936,417	6,574	1,588	3,534	1,948,113
Month-in-arrear 1	-	99,670	5,336	295	105,301
Month- in- arrear 2	-	17,731	2,154	156	20,041
Month- in-arrear 3 and above	-	-	105,619	6,219	111,838
Total gross carrying amount	1,936,417	123,975	114,697	10,204	2,185,293
Loss allowances	(22,752)	(14,110)	(81,094)	(102)	(118,058)
Net carrying amount	1,913,665	109,865	33,602	10,103	2,067,235

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

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Loan and Advances	85,184	106,111	93,152	116,295
Loan Commitments	1,439	1,565	1,439	1,565
Financial Guarantee Contracts	166	198	166	198
Total	86,789	107,874	94,757	118,058

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

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Loan and Advances	19,100	11,655	28,507	23,736
Loan Commitments	(126)	34	(126)	34
Financial Guarantee Contracts	(32)	(20)	(32)	(20)
Reclassification	-	5,381	-	5,828
Total	18,942	17,050	28,349	29,578

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

Loans And Advances

Bank	Stage 1 B$'000	Stage 2 B$'000	Stage 3 Lifetime B$'000	POCI B$'000	Total B$'000
Gross carrying amount as at 1 January, 2019	1,239,686	17,751	104,010	9,681	1,371,128
Changes in the Gross carrying amount					
- Transfer to stage 1	3,349	(2,894)	(455)	-	-
- Transfer to stage 2	(15,803)	15,809	(6)	-	-
- Transfer to stage 3	(5,135)	(5,444)	10,579	-	-
- Increase / (Decrease) during the year	(145,300)	(1,260)	996	(1,703)	(147,267)
- Change due to modifications that did not result in derecognition	(3,829)	213	3,833	222	439
- New financial assets originated or purchased	298,335	3,850	598	-	302,783
Financial assets that have been derecognised	(198,809)	(5,051)	(1,588)	(357)	(205,806)
Write offs	(14)	-	(39,151)	(1,713)	(40,878)
Gross carrying amount as at 31 December, 2019	1,172,480	22,974	78,816	6,130	1,280,400
Loss allowances as at 31 December, 2019	(21,471)	(8,822)	(54,230)	(661)	(85,184)

Bank	Stage 1 B$'000	Stage 2 B$'000	Stage 3 Lifetime B$'000	POCI B$'000	Total B$'000
Gross carrying amount as at 31 January, 2018	1,183,173	54,289	96,237	27,302	1,361,001
Changes in the Gross carrying amount					
- Transfer to stage 1	24,410	(24,196)	(214)	-	-
- Transfer to stage 2	(12,480)	12,486	(6)	-	-
- Transfer to stage 3	(7,308)	(21,525)	28,833	-	-
- Increase / (Decrease) during the year	(115,377)	(2,514)	(198)	(1,188)	(119,277)
- Change due to modifications that did not result in derecognition	(194)	-	87	-	(107)
- New financial assets originated or purchased	383,699	5,785	8,597	-	398,081
Financial assets that have been derecognised	(216,237)	(6,180)	(7,564)	(16,433)	(246,414)
Write offs	-	(394)	(21,762)	-	(22,156)
Gross carrying amount as at 31 December, 2018	1,239,686	17,751	104,010	9,681	1,371,128
Loss allowances as at 31 December, 2018	(20,028)	(10,163)	(75,906)	(14)	(106,111)

Group	Stage 1 B$'000	Stage 2 B$'000	Stage 3 Lifetime B$'000	POCI B$'000	Total B$'000
Gross carrying amount as at 1 January, 2019	**1,936,416**	**123,975**	**114,697**	**10,205**	**2,185,293**
Changes in the Gross carrying amount					
- Transfer to stage 1	38,540	(37,399)	(1,141)	-	-
- Transfer to stage 2	(68,309)	69,058	(749)	-	-
- Transfer to stage 3	(9,116)	(10,435)	19,551	-	-
- Increase / (Decrease) during the year	(287,217)	(22,503)	1,790	(1,929)	(309,859)
- Change due to modifications that did not result in derecognition	(3,829)	213	3,833	222	439
- New financial assets originated or purchased	525,812	20,902	2,179	-	548,893
Financial assets that have been derecognised	(262,082)	(14,295)	(2,137)	(400)	(278,914)
Write offs	(4,083)	(6,477)	(50,469)	(1,775)	(62,804)
Gross carrying amount as at 31 December, 2019	**1,866,132**	**123,039**	**87,554**	**6,323**	**2,083,048**
Loss allowances as at 31 December, 2019	**(22,362)**	**(12,155)**	**(57,907)**	**(728)**	**(93,152)**

Group	Stage 1 B$'000	Stage 2 B$'000	Stage 3 Lifetime B$'000	POCI B$'000	Total B$'000
Gross carrying amount as at 31 January, 2018	**1,927,895**	**168,252**	**111,017**	**29,116**	**2,236,280**
Changes in the Gross carrying amount					
- Transfer to stage 1	61,356	(60,409)	(947)	-	-
- Transfer to stage 2	(70,664)	71,884	(1,220)	-	-
- Transfer to stage 3	(13,108)	(27,728)	40,836	-	-
- Increase / (Decrease) during the year	(277,978)	(24,865)	6,029	(1,664)	(298,478)
- Change due to modifications that did not result in derecognition	(194)	-	87	-	(107)
- New financial assets originated or purchased	587,829	20,640	9,560	-	618,029
Financial assets that have been derecognised	(219,535)	(13,640)	(16,627)	(17,087)	(266,889)
Write offs	(59,184)	(10,159)	(34,038)	(161)	(103,542)
Gross carrying amount as at 31 December, 2018	**1,936,417**	**123,975**	**114,697**	10,204	**2,185,293**
Loss allowances as at 31 December, 2018	**(20,989)**	**(14,110)**	**(81,095)**	(101)	**(116,295)**

Loan Commitments

Bank and Group	Stage 1 B$'000	Stage 2 B$'000	Stage 3 Lifetime B$'000	POCI B$'000	Total B$'000
Total amount committed as at 1 January, 2019	**432,590**	**-**	**-**	**-**	**432,590**
Changes in amount committed					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	(167)	167	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	(14,617)	18	-	-	(14,599)
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	128,745	48	-	-	128,793
Loan commitments that have been derecognised	(64,745)	-	-	-	(64,745)
Total amount committed as at 31 December, 2019	**481,806**	**233**	**-**	**-**	**482,039**
Loss allowances as at 31 December, 2019	**(1,427)**	**(12)**	**-**	**-**	**(1,439)**

Bank and Group	Stage 1 B$'000	Stage 2 B$'000	Stage 3 Lifetime B$'000	POCI B$'000	Total B$'000
Total amount guaranteed as at 1 January, 2018	**418,037**	**133**	**-**	**-**	**418,170**
Changes in amount guaranteed					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	27,075	-	-	-	27,075
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	36,685	-	-	-	36,685
Financial guarantees that have been derecognised	(49,207)	(133)			(49,340)
Total amount guaranteed as at 31 December, 2018	**432,590**	**-**	**-**	**-**	**432,590**
Loss allowances as at 31 December, 2018	**(1,565)**	**-**	**-**	**-**	**(1,565)**

Financial Guarantees

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

Bank and Group	Stage 1 B$'000	Stage 2 B$'000	Stage 3 Lifetime B$'000	POCI B$'000	Total B$'000
Total amount guaranteed as at 1 January, 2018	**24,243**	-	-	-	**24,243**
Changes in amount guaranteed					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	(3)	-	-	-	(3)
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	7,546	-	-	-	7,546
Financial guarantees that have been derecognised	(8,933)	-	-	-	(8,933)
Total amount guaranteed as at 31 December, 2018	**22,853**	-	-	-	**22,853**
Loss allowances as at 31 December, 2018	(198)	-	-	-	(198)

Loss Allowances – Loans and Advances

Bank	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at 1 January, 2019	**20,028**	**10,163**	**75,906**	**14**	**106,111**
Write offs	(14)	-	(38,300)	(1,713)	**(40,027)**
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	2,144	(1,800)	(344)	-	**-**
- Transfer to stage 2	(269)	274	(5)	-	**-**
- Transfer to stage 3	(84)	(3,126)	3,210	-	**-**
- Increase/(Decrease) due to change in credit risk	(4,543)	4,646	12,792	2,317	**15,212**
- Changes due to modifications that did not result in derecognition	(61)	(73)	2,222	-	**2,088**
New financial assets originated or purchased	7,830	1,605	307	-	**9,742**
Financial assets that have been derecognised	(3,560)	(2,867)	(1,558)	43	**(7,942)**
Loss allowances as at 31 December, 2019	**21,471**	**8,822**	**54,230**	**661**	**85,184**

Bank	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at 1 January, 2018	19,553	24,642	69,687	28	113,910
Write offs	-	(222)	(19,232)	-	(19,454)
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	11,176	(11,003)	(173)	-	-
- Transfer to stage 2	(235)	240	(5)	-	-
- Transfer to stage 3	(133)	(9,933)	10,066	-	-
- Increase/(Decrease) due to change in credit risk	(13,110)	5,551	17,331	214	9,986
- Changes due to modifications that did not result in	(3)				
derecognition		-	23	-	20
New financial assets originated or purchased	6,571	3,456	5,375	109	15,511
Financial assets that have been derecognised	(3,791)	(2,568)	(7,166)	(337)	(13,862)
Loss allowances as at 31 December, 2018	20,028	10,163	75,906	14	106,111

Loss Allowances – Loans and Advances

Bank	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at 1 January, 2019	**20,989**	**14,110**	**81,095**	**101**	**116,295**
Write offs	(20)	(291)	(49,618)	(1,721)	(51,650)
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	4,006	(3,088)	(918)	-	-
- Transfer to stage 2	(341)	520	(179)	-	-
- Transfer to stage 3	(89)	(3,300)	3,389	-	-
- Increase/(Decrease) due to change in credit risk	(6,614)	5,771	23,237	2,310	24,704
- Changes due to modifications that did not result in derecognition	(61)	(73)	2,222	-	2,088
New financial assets originated or purchased	8,140	1,669	855	-	10,664
Financial assets that have been derecognised	(3,648)	(3,163)	(2,176)	38	(8,949)
Loss allowances as at 31 December, 2019	**22,362**	**12,155**	**57,907**	**728**	**93,152**

Bank	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at 1 January, 2018	**20,253**	**28,265**	**75,191**	**592**	**124,301**
Write offs	(3)	(501)	(31,059)	(179)	(31,742)
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	12,513	(12,179)	(334)	-	-
- Transfer to stage 2	(289)	555	(266)	-	-
- Transfer to stage 3	(138)	(10,096)	10,234	-	-
- Increase/(Decrease) due to change in credit risk	(14,341)	6,699	29,404	(30)	21,732
- Changes due to modifications that did not result in derecognition	(3)	-	23	-	20
New financial assets originated or purchased	6,853	4,158	5,588	109	16,708
Financial assets that have been derecognised	(3,856)	(2,791)	(7,687)	(390)	(14,724)
Loss allowances as at 31 December, 2018	**20,989**	**14,110**	**81,094**	**102**	**116,295**

Loss Allowances – Loan Commitments

Bank and Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at 1 Jauary, 2019	1,565	-	-	-	1,565
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	(59)	11	-	-	(48)
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	528	1	-	-	529
Financial assets that have been derecognised	(607)	-			(607)
Loss allowances as at 31 December, 2019	1,427	12	-	-	1,439

Bank and Group **Loss allowances as at 1 January, 2018**	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Increase/(Decrease) in allowance recognised in Profit or Loss	1,520	11	-	-	1,531
Changes in Loss allowances					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase during the year	124	-	-	-	124
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	336	-	-	-	336
Financial assets that have been derecognised	(415)	(11)	-	-	(426)
Loss allowances as at 31 December, 2018	1,565	-	-	-	1,565

Loss Allowances –Financial Guarantees

Bank and Group	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Loss allowances as at 1 January, 2019	198	-	-	-	198
Increase/(Decrease) in allowance recognised in Profit or Loss					
Changes in Loss allowances	-	-	-	-	-
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	4	-	-	-	4
- Increase during the year					
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	24			-	24
Financial assets that have been derecognised	(60)	-	-		(60)
Loss allowances as at 31 December, 2019	166	-	-	-	166

Bank and Group Loss allowances as at 1 January, 2018	Stage 1 12-month ECL B$'000	Stage 2 Lifetime ECL B$'000	Stage 3 Lifetime ECL B$'000	POCI B$'000	Total B$'000
Increase/(Decrease) in allowance recognised in Profit	218	-	-	-	218
or Loss	-				
Changes in Loss allowances	-				
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	(4)	-	-	-	-
- Transfer to stage 3		-	-	-	-
- Decrease during the year	-	-	-	-	(4)
- Changes due to modifications that did not result in	68				
derecognition	(84)	-	-	-	-
New financial assets originated or purchased	198	-	-	-	68
Financial assets that have been derecognised					(84)
Loss allowances as at 31 December, 2018		-	-	-	198

Loans with renegotiated terms and the Bank's forbearance practice

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

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

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

	Bank		Group	
	2019 B$'000	2018 B$'000	2019 B$'000	2018 B$'000
Renegotiated loans and advances	4,671	2,361	15,459	13,203

Write-off policy

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

Collateral held and other credit enhancements and their financial effect

The Group holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

Type of Credit Exposure	Principal Type of Collateral Held for Secured Lending	Bank: Loans and Advances B$'000	Bank: Financial Effect of Collateral Held B$'000	Bank: Net Exposure from Loans and Advances B$'000	Group: Loans and Advances B$'000	Group: Financial Effect of Collateral Held B$'000	Group: Net Exposure from Loans and Advances B$'000
2019							
Agriculture	Cash	3,997	3,997	-	3,997	3,997	-
Constructions and Property Financing	Mortgage / Property	464,690	430,758	33,932	464,690	430,758	33,932
Infrastructure	Cash / Debenture	5,186	4,310	876	5,186	4,310	876
Manufacturing	Cash / Debenture	49,839	39,840	9,999	49,839	39,840	9,999
Personal and Consumption Loans	Mortgage / Cash	206,523	25,839	180,684	206,523	25,839	180,684
Services	Cash / Mortgage	176,039	76,363	99,676	176,039	76,363	99,676
Telecommunication and Information Technology	Cash / Property	6,916	2,550	4,366	6,916	2,550	4,366
Tourism	Cash / Property	20,248	13,199	7,049	20,248	13,199	7,049
Traders	Cash / Property	174,794	103,257	71,537	174,794	103,257	71,537
Transportation	Cash / Debenture	172,168	74,561	97,607	974,816	481,316	493,500
Total		1,280,400	774,764	505,726	2,083,048	1,181,429	901,619

Type of Credit Exposure	Principal Type of Collateral Held for Secured Lending	Bank: Loans and Advances B$'000	Bank: Financial Effect of Collateral Held B$'000	Bank: Net Exposure from Loans and Advances B$'000	Group: Loans and Advances B$'000	Group: Financial Effect of Collateral Held B$'000	Group: Net Exposure from Loans and Advances B$'000
2017							
Agriculture	Cash / Mortgage	4,884	4,884	-	4,884	4,884	-
Constructions and Property Financing	Mortgage / Property	486,175	439,056	47,119	486,175	439,056	47,119
Financial	Cash	-	-	-	-	-	-
Infrastructure	Cash	6,682	5,233	1,449	6,682	5,233	1,449
Manufacturing	Cash / Debenture	57,243	46,881	10,362	57,243	46,881	10,362
Personal and Consumption Loans	Mortgage / Cash	216,416	23,682	192,734	216,416	23,682	192,734
Services	Cash / Mortgage	159,484	78,048	81,436	159,484	78,048	81,436
Telecommunication and Information Technology	Cash / Property	9,195	4,530	4,665	9,195	4,530	4,665
Tourism	Cash / Debentures	21,340	8,965	12,375	21,340	8,965	12,375
Traders	Cash / Property	172,741	96,850	75,891	172,741	96,850	75,891
Transportation	Cash / Debentures	236,968	103,703	133,265	1,051,133	503,001	548,132
Total		1,371,128	811,832	559,296	2,185,293	1,211,130	974,163

Cash and cash equivalents

The Group held cash and cash equivalents of B$1,328,107,000 at 31 December 2019 (2018: B$1,414,491,000). Most of the cash and cash equivalents, except deposits with the Autoriti Monetari Brunei Darussalam, are held with bank and financial institution counterparties which are rated at least an investment grade.

Settlement risk

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

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

Liquidity risk

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

Management of liquidity risk

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

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

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

- Maintaining a diversified funding base consisting of customer deposits (both retail and corporate) and wholesale market deposits and maintaining contingency facilities with other banks;
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity; and
- Monitoring liquidity ratios, maturity mismatches behavioural characteristics of the Group's financial assets and liabilities.

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

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

Exposure to liquidity risk

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

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

Maturity analysis for financial assets and liabilities

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

Bank	Carrying Amount B$'000	Gross Nominal Inflow/ (Outflow) B$'000	Less than 3 months B$'000	3-6 months B$'000	6-12 months B$'000	1-3 years B$'000	3-5 years B$'000	Over 5 years B$'000
2019								
Non-Derivative Assets								
Cash	38,875	38,875	38,875	-	-	-	-	-
Due from Banks / AMBD	1,640,405	1,648,440	1,423,190	43,224	83,931	73,918	24,177	-
Government Sukuk	75,553	76,010	38,900	7,110	30,000	-	-	-
Investment Securities	80,061	92,218	675	10,968	1,004	36,830	42,436	305
Loans and Advances	1,193,611	1,384,652	168,040	104,196	99,830	480,182	225,932	306,472
Group Balances Receivable	341	341	341	-	-	-	-	-
Other On Balance Sheet Assets	6,983	6,983	72	-	6,537	374	-	-
Other Off Balance Sheet Assets	89,138	89,138	89,138	-	-	-	-	-
Total	3,124,967	3,336,657	1,759,231	165,498	221,302	591,304	292,545	306,777
Non-Derivative Liabilities								
Deposits	2,627,333	2,636,572	960,936	391,524	523,180	737,798	23,134	-
Lease Liabilities	3,139	3,139	249	253	515	1,638	419	65
Other On Balance Sheet Liabilities	63,400	63,400	676	-	-	54,329	-	8,395
Other Off Balance Sheet Liabilities	89,138	89,138	89,138	-	-	-	-	-
Undrawn Credit Lines	704,904	704,904	704,904	-	-	-	-	-
Total	3,487,914	3,497,153	1,755,903	391,777	523,695	793,765	23,553	8,460
Net cash Inflow/(Outflow)	(362,947)	(160,496)	3,328	(226,279)	(302,393)	(202,461)	268,992	298,317
Derivative Financial Instruments								
- Inflow	-	29,696	5,182	23,351	1,163	-	-	-
- Outflow	-	(29,089)	(5,062)	(22,869)	(1,158)	-	-	-
Total	-	607	120	482	5	-	-	-

Group	Carrying Amount B$'000	Gross Nominal Inflow/ (Outflow) B$'000	Less than 3 months B$'000	3-6 months B$'000	6-12 months B$'000	1-3 years B$'000	3-5 years B$'000	Over 5 years B$'000
2019								
Non-Derivative Assets								
Cash	42,301	42,301	42,301	-	-	-	-	-
Due from Banks / AMBD	1,696,692	1,704,727	1,479,476	43,224	83,932	73,918	24,177	-
Government Sukuk	75,553	76,010	38,900	7,110	30,000	-	-	-
Investment Securities	80,061	92,218	675	10,968	1,004	36,830	42,436	305
Loans and Advances	1,988,291	2,365,963	233,808	168,123	220,860	887,975	473,997	381,200
Other On Balance Sheet Assets	35,163	35,164	28,253	-	6,537	374	-	-
Other Off Balance Sheet Assets	89,138	89,138	89,138	-	-	-	-	-
Total	4,007,199	4,405,521	1,912,551	229,425	342,333	999,097	540,610	381,505
Non-Derivative Liabilities								
Deposits	3,324,887	3,411,452	1,069,060	427,015	700,680	1,191,563	23,134	-
Lease Liabilities	5,089	5,089	365	370	754	2,650	885	65
Other On Balance Sheet Liabilities	73,387	73,387	10,663	-	-	54,329	-	8,395
Other Off Balance Sheet Liabilities	89,138	89,138	89,138	-	-	-	-	-
Undrawn Credit Lines	704,904	704,904	704,904	-	-	-	-	-
Total	4,197,405	4,283,970	1,874,130	427,385	701,434	1,248,542	24,019	8,460
Net cash Inflow/(Outflow)	(190,206)	121,551	38,421	(197,960)	(359,101)	(249,445)	516,591	373,045
Derivative Financial Instruments								
- Inflow								
- Outflow	-	29,696	5,182	23,351	1,163	-	-	-
Total	-	(29,089)	(5,062)	(22,869)	(1,158)	-	-	-
	-	607	120	482	5	-	-	-

Bank	Carrying Amount B$'000	Gross Nominal Inflow/ (Outflow) B$'000	Less than 3 months B$'000	3-6 months B$'000	6-12 months B$'000	1-3 years B$'000	3-5 years B$'000	Over 5 years B$'000
2018								
Non-Derivative Assets								
Cash	37,832	37,832	37,832	-	-	-	-	-
Due from Banks / AMBD	1,910,232	1,918,182	1,709,087	76,614	53,726	61,591	17,164	-
Government Sukuk	24,660	25,000	-	-	25,000	-	-	-
Investment Securities	63,033	70,893	15,186	10,388	13,467	15,329	16,215	308
Loans and Advances	1,263,254	1,469,336	163,797	115,724	161,450	475,193	255,639	297,533
Other On Balance Sheet Assets	8,805	8,805	1,088	-	7,319	398	-	-
Other Off Balance Sheet Assets	80,761	80,761	80,761	-	-	-	-	-
Total	3,388,577	3,610,809	2,007,751	202,726	260,962	552,511	289,018	297,841
Non-Derivative Liabilities								
Deposits	2,870,481	2,881,388	1,194,847	367,201	558,500	737,463	23,377	-
Borrowings	54,641	54,745	54,745	-	-	-	-	-
Group Balances Payable	5,222	5,222	5,222	-	-	-	-	-
Other On Balance Sheet Liabilities	54,122	59,303	180	-	-	51,880	-	7,243
Other Off Balance Sheet Liabilities	80,761	80,761	80,761	-	-	-	-	-
Undrawn Credit Lines	606,754	606,754	606,754	-	-	-	-	-
Total	3,671,981	3,688,173	1,942,509	367,201	558,500	789,343	23,377	7,243
Net cash Inflow/(Outflow)	(283,404)	(77,364)	65,242	(164,475)	(297,538)	(236,832)	265,641	290,598
Derivative Financial Instruments								
- Inflow								
- Outflow	-	19,137	915	16,010	2,212	-	-	-
Total	-	(19,099)	(906)	(16,001)	(2,192)	-	-	-
	-	38	9	9	20	-	-	-

Group	Carrying Amount B$'000	Gross Nominal Inflow/ (Outflow) B$'000	Less than 3 months B$'000	3-6 months B$'000	6-12 months B$'000	1-3 years B$'000	3-5 years B$'000	Over 5 years B$'000
2018								
Non-Derivative Assets								
Cash	40,491	40,491	40,491	-	-	-	-	-
Due from Banks / AMBD	1,970,378	1,978,330	1,769,234	76,614	53,726	61,591	17,165	-
Government Sukuk	24,660	25,000	-	-	25,000	-	-	-
Investment Securities	63,033	70,893	15,186	10,388	13,467	15,329	16,215	308
Loans and Advances	2,067,235	2,468,421	232,768	182,524	287,838	899,774	501,051	364,466
Other On Balance Sheet Assets	36,771	36,771	29,054	-	7,319	398	-	-
Other Off Balance Sheet Assets	80,761	80,761	80,761	-	-	-	-	-
Total	4,283,329	4,700,667	2,167,494	269,526	387,350	977,092	534,431	364,774
Non-Derivative Liabilities								
Deposits	3,589,655	3,609,222	1,286,269	402,116	694,016	1,203,444	23,377	-
Borrowings	54,641	54,745	54,745	-	-	-	-	-
Other On Balance Sheet Liabilities	61,995	67,175	8,052	-	-	51,880	-	7,243
Other Off Balance Sheet Liabilities	80,761	80,761	80,761	-	-	-	-	-
Undrawn Credit Lines	606,754	606,754	606,754	-	-	-	-	-
Total	4,393,806	4,418,657	2,036,581	402,116	694,016	1,255,324	23,377	7,243
Net cash Inflow/(Outflow)	(110,477)	282,010	130,913	(132,590)	(306,666)	(278,232)	511,054	357,531
Derivative Financial Instruments								
- Inflow	-	19,137	915	16,010	2,212	-	-	-
- Outflow	-	(19,099)	(906)	(16,001)	(2,192)	-	-	-
Total	-	38	9	9	20	-	-	-

assets and financial liabilities.

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

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

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

Market risks

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

Management of market risks

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

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

Exposure to interest rate risk

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

Bank	Carrying Amount	Non-Interest Bearing	Interest Bearing					
			Less than 3 months	3-6 month	6-12 months	1-3 years	3-5 years	Over 5 years
	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000
2019								
Financial Assets								
Cash	**38,875**	38,875	-	-	-	-	-	-
Due from Banks / AMBD	**1,640,405**	201,747	1,219,766	42,945	82,726	71,107	22,114	-
Government Sukuk	**75,553**	-	38,814	7,058	29,681	-	-	-
Investment Securities	**80,061**	-	-	10,375	-	34,489	34,892	305
Loans and Advances	**1,193,611**	-	151,560	91,524	79,697	420,274	189,265	261,291
Group Balances Receivable	**341**	341	-	-	-	-	-	-
Other Assets	**6,983**	6,983	-	-	-	-	-	-
Total	**3,035,829**	**247,946**	**1,410,140**	**151,902**	**192,104**	**525,870**	**246,271**	**261,596**
Financial Liabilitiess								
Deposits	2,627,333	810,316	769,792	321,444	314,022	390,098	21,661	-
Borrowings	-	-	-	-	-	-	-	-
Group Balances Payable	-	-	-	-	-	-	-	-
Lease Liabilities Other	3,139	-	249	253	515	1,638	419	65
Liabilities	63,400	63,400	-	-	-	-	-	-
Total	**2,693,872**	**873,716**	**770,041**	**321,697**	**314,537**	**391,736**	**22,080**	**65**
2018								
Financial Assets								
Cash	37,832	37,832	-	-	-	-	-	-
Due from Banks / AMBD	1,910,232	208,686	1,498,498	76,091	53,020	58,729	15,208	-
Government Sukuk	24,660	-	-	-	24,660	-	-	-
Investment Securities	63,033	-	15,070	9,950	13,048	14,264	10,393	308
Loans and Advances	1,263,254	-	139,087	91,450	83,994	427,870	215,678	305,175
Other Assets	8,805	8,805	-	-	-	-	-	-
Total	3,307,816	255,323	1,652,655	177,491	174,722	500,863	241,279	305,483
Financial Liabilities								
Deposits	2,870,481	764,818	1,010,386	301,665	361,541	410,605	21,466	-
Borrowings	54,641	-	54,641	-	-	-	-	-
Group Balances Payable	5,222	5,222	-	-	-	-	-	-
Other Liabilities	54,122	54,122	-	-	-	-	-	-
Total	2,984,466	824,162	1,065,027	301,665	361,541	410,605	21,466	-

Group	Carrying Amount	Non-Interest Bearing	Interest Bearing: Less than 3 months	3-6 month	6-12 months	1-3 years	3-5 years	Over 5 years
	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000	B$'000
2019								
Financial Assets								
Cash	42,301	42,301	-	-	-	-	-	-
Due from Banks / AMBD	1,696,692	258,033	1,219,766	42,945	82,726	71,107	22,117	-
Government Sukuk	75,553	-	38,814	7,058	29,681	-	-	-
Investment Securities	80,061	-	-	10,375	-	34,489	34,892	305
Loans and Advances	1,988,291	-	210,250	140,003	183,848	750,658	381,067	322,465
Other Assets	35,163	35,163	-	-	-	-	-	-
Total	3,918,061	335,497	1,468,830	200,381	296,255	856,254	438,076	322,770
Financial Liabilities								
Deposits	3,324,887	744,232	842,533	360,080	481,134	875,247	21,661	-
Borrowings	-	-	-	-	-	-	-	-
Lease Liabilities	5,089	-	365	370	754	2,650	885	65
Other Liabilities	73,386	73,386	-	-	-	-	-	-
Total	3,403,362	817,618	842,898	360,450	481,888	877,897	22,546	65
2018								
Financial Assets								
Cash	40,491	40,491	-	-	-	-	-	-
Due from Banks / AMBD	1,970,378	268,833	1,498,498	76,091	53,019	58,729	15,208	-
Government Sukuk	24,660	-	-	-	24,660	-	-	-
Investment Securities	63,033	-	15,070	9,950	13,048	14,264	10,393	308
Loans and Advances	2,067,235	-	202,578	140,236	192,588	767,475	404,380	359,978
Other Assets	36,771	36,771	-	-	-	-	-	-
Total	4,202,568	346,095	1,716,146	226,277	283,315	840,468	429,981	360,286
Financial Liabilities								
Deposits	3,589,655	708,834	1,111,467	336,097	514,505	897,286	21,466	-
Borrowing	54,641	-	54,641	-	-	-	-	-
Other Liabilities	61,995	61,995	-	-	-	-	-	-
Total	3,706,291	770,829	1,166,108	336,097	514,505	897,286	21,466	-

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

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

If interest rates had been 10 basis points higher or lower and all other variables were held constant, the Bank and the Group's projected net interest income for the financial year ended December 31, 2018 would increase/(decrease) by:

	Bank		Group	
	+0.10% B$'000	-0.10% B$'000	+0.10% B$'000	-0.10% B$'000
As at 31 December, 2019	**301**	(301)	(514)	**514**
As at 31 December, 2018	321	(321)	(551)	551

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

Foreign exchange risk

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

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

Bank and Group	USD B$'000	GBP B$'000	AUD B$'000	Others B$'000
2019				
Financial Assets				
Cash	588	270	202	1,496
Due from Banks / AMBD	24,493	16,058	50,941	27,496
Investment Securities	305	-		
Loans and Advances	119,563	-	-	(154)
Other Assets	327	-	-	270
Total	**145,276**	**16,328**	**51,143**	**29,108**
Financial Liabilitiess				
Deposits	129,764	16,231	51,194	20,011
Borrowings	-	-	-	-
Others	1,454	3	(1)	22
Total	**131,218**	**16,234**	**51,193**	**20,033**
Off Balance Sheet Derivative Financial Instruments	**(18,949)**	**762**	**(112)**	**(9,667)**
2018				
Financial Assets				
Cash	917	472	192	1,222
Due from Banks / AMBD	90,654	16,788	52,692	23,813
Investment Securities	13,885	-	-	-
Loans and Advances	101,885	-	-	-
Total	**207,341**	**17,260**	**52,884**	**25,035**
Financial Liabilities				
Deposits	143,415	16,334	50,058	20,282
Borrowing	54,604	-	-	-
Others	78	72	-	25
Total	**198,097**	**16,406**	**50,058**	**20,307**
Off Balance Sheet Derivative Financial Instruments	**(10,565)**	**(1,013)**	**(3,186)**	**(4,324)**

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

	USD +/- 10% B$'000	GBP +/- 10% B$'000	AUD +/- 10% B$'000	Others +/- 10% B$'000
As at 31 December, 2019	(489)	86	(16)	(59)
As at 31 December, 2018	(132)	(16)	(36)	40

Operational risks

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

The Board is ultimately responsible for all aspects of operational risk management. The Board delegates these responsibilities to the Risk Management Committee to oversee the management of operational risks.

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

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

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

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

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

4.5 FAIR VALUE MEASUREMENTS

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

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

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

	Fair Value as at 2018 B$'000	Fair Value as at 2017 B$'000	Level of the Fair Value Hierarchy	Valuation Technique(s) & Key input(s)
Assets				
Investment Securities – Index Linked Notes	**10,375**	18,275	2	Reuters Quote
Investment Securities – Structured Deposits	**4,042**	4,042	2	Reuters Quote
Investment Securities – Corporate Bonds	**3**	333	2	Quoted Prices
Investment Securities – Equity	**305**	308	3	Net Asset Value
Derivative Assets	**596**	179	2	Reuters Quote
Total	**15,321**	23,137		
Liabilities				
Deposits from Customers – Structured Deposits	**14,540**	22,112	2	Reuters Quote or Adjusted Quoted Prices
Derivative liabilities	**36**	124	2	Reuters Quote
Total	**14,576**	22,236		

Reconciliation of Level 3 fair value measurements

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

	Bank and Group 2019 B$'000	Bank and Group 2018 B$'000
Investment Securities		
Opening balance as at 1 January	**308**	-
Total Gains or Losses included in Profit or Loss for the year:		
Reveluation during the year	(3)	308
Balance as at 31 December	**305**	308

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

Fair value of financial instruments

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

Methodologies

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

Financial instruments for which carrying value approximates fair value

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

Loans and Advances

For loans and advances which mature or reprice after six months, the fair value is principally estimated by discounting anticipated cash flows (including interest at contractual rates). Performing loans are grouped, to the extent possible, into homogenous pools segregated by maturity and the coupon rates of the loans within each pool. In general, cash flows are discounted using current market rates for instruments with similar maturity, repricing and credit risk characteristics.

For non-performing uncollateralised loans and advances, an estimate is made of the time period to realise these cash flows and the fair value is estimated by discounting these cash flows at the market rate. For non-performing loans and advances where collateral exists, the fair value is the lesser of the carrying value of the loans and advances, net of specific allowances, or the fair value of the collateral, discounted as appropriate.

Deposits by customers

Deposits by customers which mature or reprice after six months from the reporting date are grouped by residual maturity. The fair value is calculated using discounted cash flow models, based on the deposit type and its related maturity, applying either market rates, where applicable or current rates offered for deposits of similar remaining maturities.

Derivative financial instruments

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

Summary

The fair value of certain financial assets and liabilities approximate their carrying values at the end of the reporting period. Accordingly, the Group has not disclosed the fair value and their levels in the fair value hierarchy for financial assets and liabilities carried at amortised cost.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	Bank and Group			
	2019		2018	
	Carrying Amount B$'000	Fair Value B$'000	Carrying Amount B$'000	Fair Value B$'000
Financial Assets				
Investments at amortised cost				
- Government Sukuk	75,553	75,553	24,660	24,660
- Investment Securities	65,336	65,765	40,075	40,297
Total	140,889	141,318	64,735	64,957

	Fair Value Hierarchy			
	Level 1 B$'000	Level 2 B$'000	Level 3 B$'000	Total B$'000
2019				
Financial Assets				
Investments at amortised cost				
- Government Sukuk	-	-	75,553	75,553
- Investment Securities	65,765	-	-	65,765
Total	65,765	-	75,553	141,318
2018				
Financial Assets				
Investments at amortised cost				
- Government Sukuk	-	-	24,660	24,660
- Investment Securities	40,297	-	-	40,297
Total	40,297	-	24,660	64,957

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

5 NET INTEREST INCOME

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Interest Income				
Loans and Advances	72,456	75,648	127,498	132,259
Government Sukuk	938	205	938	205
Investment Securities	1,399	1,390	1,399	1,390
Placements with Other Banks	26,679	22,012	26,679	22,012
Others	2,582	4,033	2,582	4,033
Total Interest Income	104,054	103,288	159,096	159,899
Interest Expense				
Deposits and Borrowings	19,389	17,014	21,702	20,964
Net Interest Income	84,665	86,274	137,394	138,935

Total interest income and expense calculated using the effective interest method are reported above. The effective interest relating to financial assets or liabilities carried at fair value through profit or loss for the Bank's and Group's included above is an interest income of B$439,232 (2018: B$415,741) and an interest expense of B$241,604 (2018: B$349,461) respectively.

A reclassification of $5,381,000 within Interest Income and Impairment Losses for Loans was made to prior year comparatives to enhance comparability with current year's figures.

6 OTHER OPERATING INCOME

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Fees, charges and others	16,493	15,889	18,586	18,688
Dividend income from Subsidiary	23,128	37,121	-	-
Management fee from a subsidiary	1,800	1,800	-	-
Realised and Unrealised gains from Foreign Exchange transactions	8,460	8,010	8,460	8,010
Gains on Disposal of Property, Plant and Equipment	47	16	47	16
Total	49,928	62,836	27,093	26,714

Recoveries of Loans Written-off previously grouped under Other Operating Income amounting to $7,174,000 has been reclassified out to a separate line item to enhance comparability with current year's figures.

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

	Bank and Group	
	2019	2018
	B$'000	B$'000
Investment Securities at Fair Value Through Profit or Loss:		
- Corporate Bond	(255)	(1,443)
Deposits at Fair Value Through Profit or Loss:		
- Structured Deposit	(73)	-
Total	(328)	(1,443)

8 PERSONNEL EXPENSES

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Directors' fees	3,237	5,132	3,395	5,298
Salaries and Wages	19,341	19,141	23,650	23,324
Allowances and Bonuses	6,139	5,711	7,296	6,838
Others	3,585	2,702	4,074	3,213
Total	32,302	32,686	38,415	38,673

9 OTHER OVERHEAD EXPENSES

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Promotion				
Advertisement & Publicity	2,254	2,246	2,582	2,566
Operational				
Depreciation of Property, Plant and Equipment	4,888	5,236	5,198	5,640
Depreciation of Right-of-use Assets	1,036	-	1,533	
Repair and Maintenance	4,466	3,064	5,193	3,895
Rental	-	1,896	-	2,591
Interest Expense on Lease Liabilities	195	-	313	-
Expenses relating to Short-Term Leases	701	-	733	-
Expenses relating to Leases of Low Value Assets	274	-	398	-
Hire of Equipment	2	225	3	226
General Expenses				
Auditors' Fees	55	300	108	376
Professional Fees	1,198	3,404	3,074	4,872
Loss on Disposal of Property, Plant and Equipment	1	-	1	-
Loss on Disposal of Investment Securities	-	19	-	20
Dealer's Commission and Incentives	-	-	9,586	10,267
Others	20,909	16,931	27,856	23,980
Total	35,979	33,321	56,578	54,433

The total cash outflow for leases amount to B$1,877,000

10 INCOME TAX EXPENSE

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Recognised in the Profit & Loss Statements				
Current Tax Expense				
Current year	7,860	9,305	13,144	14,025
Deferred Tax Expense				
Origination & reversal of temporary differences	(1,000)	-	(1,000)	-
Total Income Tax Expense	6,860	9,305	12,144	14,025
Movement in Provision for Taxation				
Opening Balance as at 1 January	18,021	15,364	39,880	36,349
Impact of IFRS 9 adoption at 1 January 2018	-	609	-	198
Current year provision	7,860	9,305	13,144	14,025
Income tax paid	(9,432)	(7,257)	(12,939)	(10,692)
Closing balance as at 31 December	16,449	18,021	40,085	39,880
Reconciliation of Effective Tax Rate at 18.50%				
Profit before income tax	63,092	79,947	68,670	68,966
Income Tax using the domestic corporation tax rate	11,672	14,790	12,704	12,759
Tax effect of non-taxable revenue and others	(3,812)	(5,485)	440	1,266
Total	7,860	9,305	13,144	14,025

11 CASH AND SHORT TERM FUNDS

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Cash in hand	38,875	37,832	42,301	40,491
Balances with Banks and Other Financial Institutions	201,747	208,686	204,953	211,706
Money at call and short notice and interbank	122,198	184,917	122,198	184,917
Placements with remaining maturity not exceeding one year	1,316,461	1,516,629	1,316,461	1,516,629
Total	1,679,281	1,948,064	1,685,913	1,953,743

12 BALANCES WITH AUTORITI MONETARI BRUNEI DARUSSALAM (AMBD)

This is maintained as required by the provisions of Section 45 of the Brunei Darussalam Banking Order 2006 and a directive issued by the Autoriti Monetari Brunei Darussalam in accordance with Section 25(2) of the Finance Companies Act, Cap.89. This is not available for use in the Bank and its subsidiaries' day to day operations. At present, the minimum cash reserve requirement is 6% (2017: 6%) of the total average deposit liabilities and is maintained under the RTGS account with AMBD.

13 DERIVATIVE FINANCIAL INSTRUMENTS

	Bank and Group		
	Notional B$'000	Assets B$'000	Liability B$'000
2019			
Foreign Exchange Contracts	29,696	596	36
2018			
Foreign Exchange Contracts	19,137	179	124

14 GOVERNMENT SUKUK

	Bank and Group	
	2019 B$'000	2018 B$'000
Government Sukuk measured at amortised cost	75,553	24,660

15. INVESTMENT SECURITIES

	Bank and Group	
	2019 B$'000	2018 B$'000
Investments securities mandatorily measured at FVTPL	14,725	22,958
Investment securities measured at amortised cost	65,336	40,075
Total	80,061	63,033

16 LOANS AND ADVANCES

	Bank		Group	
	2019 B$'000	2018 B$'000	2019 B$'000	2018 B$'000
By Type:				
Cash line / Overdrafts	160,944	170,192	160,944	170,192
Term Loans				
- Property Loans	298,432	307,864	298,432	307,864
- Hire Purchase Receivables	-	-	802,647	814,165
- Other Term Loans	621,431	694,949	621,431	694,949
Bills Receivable	-	-	-	-
Trust Receipts	124,826	128,426	124,826	128,426
Staff Loans	4,695	5,354	4,695	5,354
Credit / Charge cards	42,199	40,914	42,200	40,914
Revolving credit	13,602	8,951	13,602	8,951
Syndicated Loan	13,452	13,614	13,452	13,614
Others	819	864	819	864
Gross Loans and Advances	1,280,400	1,371,128	2,083,048	2,185,293
Less: Loss allowances	(86,789)	(107,874)	(94,757)	(118,058)
Net Loans and Advances	1,193,611	1,263,254	1,988,291	2,067,235

17 GROUP BALANCES RECEIVABLE / PAYABLE

	Bank		Group	
	2019 B$'000	2018 B$'000	2019 B$'000	2018 B$'000
Due from Subsidiaries	341	-	-	-
Due to Subsidiaries	-	5,222	-	-

18 INVESTMENT IN SUBSIDIARIES

			Cost		% Holding	
Name of Company	**Principal Activity**	**Country of Incorporation**	2019 B$'000	2018 B$'000	2019	2018
Baiduri Finance Berhad	Finance Company	Brunei Darussalam	45,249	45,249	100%	100%
Baiduri Capital Sdn Bhd	Sharebrokers & Dealers in Securities & Investments of all kinds	Brunei Darussalam	2,700	2,700	99.99%	99.99%
Total			47,949	47,949		

19 OTHER ASSETS

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Accounts Receivables	400	598	548	745
Sundry Debtors and Others	6,584	8,207	6,744	8,539
Prepayments and Consumables	1,724	1,551	1,801	1,630
Dealer's Commission and Incentives	-	-	27,872	27,487
Total	8,708	10,356	36,965	38,401

20 RIGHT-OF-USE ASSETS

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

	Bank	Group
	B$'000	B$'000
Cost		
As at beginning of the year	4,095	6,493
Additions	-	-
As at end of year	4,095	6,493
Accumulated Depreciation		
As at beginning of the year	-	-
Depreciation for the year	1,036	1,533
As at end of the year	1,036	1,533
Carrying Amounts		
As at 31 December 2019	3,059	4,960
As at 1 January 2019	4,095	6,493

21 PROPERTY, PLANT AND EQUIPMENT

Bank	Freehold Land and Buildings B$'000	Leasehold Land and Buildings B$'000	Leasehold Improvements B$'000	Computers B$'000	Equipment / Furniture B$'000	Motor Vehicles B$'000	Total 2019 B$'000	Total 2018 B$'000
Cost								
As at beginning of the year	4,963	18,589	4,127	19,208	2,174	571	**49,632**	42,983
Additions	-	14,424	237	5,251	417	17	**20,346**	9,821
Disposals	-	-	(43)	(4,802)	(1,179)	(97)	**(6,121)**	(3,172)
As at end of year	4,963	33,013	4,321	19,657	1,412	491	**63,857**	49,632
Accumulated Depreciation								
As at beginning of the year	541	1,703	2,074	8,554	1,293	333	**14,498**	12,434
Depreciation for the year	80	471	704	3,055	481	97	**4,888**	5,236
Disposals	-	-	(43)	(4,811)	(1,178)	(97)	**(6,129)**	(3,172)
As at end of the year	621	2,174	2,735	6,798	596	333	**13,257**	14,498
Carrying Amounts								
As at 31 December, 2019	**4,342**	**30,839**	**1,586**	**12,859**	**816**	**158**	**50,600**	-
As at 31 December, 2018	4,422	16,886	2,053	10,654	881	238	**35,134**	-

Group	Freehold Land and Buildings B$'000	Leasehold Land and Buildings B$'000	Leasehold Improvements B$'000	Computers B$'000	Equipment / Furniture B$'000	Motor Vehicles B$'000	Total 2019 B$'000	Total 2018 B$'000
Cost								
As at beginning of the year	4,963	18,589	5,137	20,185	2,873	669	**52,416**	45,693
Additions	-	14,424	252	5,870	424	17	**20,987**	9,896
Disposals	-	-	(43)	(4,802)	(1,179)	(97)	**(6,121)**	(3,173)
As at end of year	4,963	33,013	5,346	21,253	2,118	589	**67,282**	52,416
Accumulated Depreciation								
As at beginning of the year	540	1,702	2,835	9,387	1,861	391	**16,716**	14,251
Depreciation for the year	80	472	859	3,130	541	116	**5,198**	5,640
Disposals	-	-	(43)	(4,811)	(1,178)	(97)	**(6,129)**	(3,175)
As at end of the year	620	2,174	3,651	7,706	1,224	410	**15,785**	16,716
Carrying Amounts								
As at 31 December, 2019	**4,343**	**30,839**	**1,695**	**13,547**	**894**	**179**	**51,497**	-
As at 31 December, 2018	4,423	16,887	2,302	10,798	1,012	278	**35,700**	-

There were no capitalised borrowing costs related to the acquisition of Property, Plant and Equipment during the year (2018: nil).

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

22 DEPOSITS FROM CUSTOMERS

	Bank		Group	
	2019 B$'000	2018 B$'000	2019 B$'000	2018 B$'000
By type of Deposit				
Demand Deposits	737,324	701,231	740,341	704,158
Savings Deposits	572,826	620,268	1,397,303	1,454,403
Fixed Deposits	1,105,379	1,322,370	1,183,353	1,426,418
Total	2,415,529	2,643,869	3,320,997	3,584,979

23 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank		Group	
	2019 B$'000	2018 B$'000	2019 B$'000	2018 B$'000
Licensed Conventional Bank in Brunei Darussalam	480	82	480	82
Licensed Finance Companies in Brunei Darussalam	207,914	221,936	-	-
Banks and Financial Institutions Abroad	3,410	4,594	3,410	4,594
Total	211,804	226,612	3,890	4,676

24 BORROWINGS

	Bank and Group	
	2019 B$'000	2018 B$'000
By Product		
Call Money Borrowing	-	54,641
By Maturity		
Due within One Year	-	54,641

25 LEASE LIABILITIES

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

26 OTHER LIABILITIES

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Other Payables	4,374	2,030	11,806	9,314
Accrued Expenditure and provisions	29,495	25,864	30,047	26,390
Provision for Bonuses and End of Service Benefits	13,880	11,980	16,022	14,150
Others	24,046	21,491	26,048	21,553
Total	71,795	61,365	83,923	71,407

27 DEFERRED TAX ASSETS AND LIABILITIES

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Balances as at 1 January	8,446	8,446	8,493	8,493
Reversal of temporary differences	(1,000)	-	(1,000)	-
Balance as at 31 December	7,446	8,446	7,493	8,493

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

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Property, Plant and Equipment	2,507	2,081	2,647	2,127
Others	9,206	10,396	9,278	10,575
Loss allowances on Loans and Advances	(4,267)	(4,031)	(4,432)	(4,209)
Balance as at 31 December	7,446	8,446	7,493	8,493

28 SHARE CAPITAL

	Bank and Group	
	2019	2018
	B$'000	B$'000
Authorised		
200,000,000 Ordinary shares of B$1 each	200,000	200,000
Issued and Paid Up		
180,000,000 (2018: 150,000,000) Ordinary shares of B$1 each	180,000	150,000

On June 11, 2019, the issued share capital was increased to $180,000,000 by the issuance of 30,000,000 ordinary shares of $1 each.

The newly issued shares rank pari passu in all respects with the existing shares of the Bank.

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

29 STATUTORY RESERVES

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Balances as at 1 January	145,753	128,093	178,486	157,627
Add: Transfer during the year	14,058	17,660	17,565	20,859
Less: Transfer to increase Share Capital	(30,000)	-	(30,000)	-
Balances as at 31 December	129,811	145,753	166,051	178,486

30 OTHER RESERVES

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Retained Earnings				
Balances as at 1 January	73,422	69,257	142,237	158,787
Impact of IFRS 9 adoption at 1 January, 2018	-	2,683	-	868
Profit for the financial year	56,232	70,642	56,526	54,941
Less: Transfer during the year:				
- Statutory Reserve	(14,058)	(17,660)	(17,565)	(20,859)
- Prudential Reserve for Credit Losses	(1,872)	(25,282)	(2,334)	(25,524)
Prudential Reserve for Credit Losses *	1,872	25,282	2,334	25,524
Dividend	(17,000)	(51,500)	(17,000)	(51,500)
Balances as at December 31	98,596	73,422	164,198	142,237
General Reserve				
Opening and closing balance	5,154	5,154	5,154	5,154
Total Other Reserves	103,750	78,576	169,352	147,391

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

31 CONTINGENCIES AND COMMITMENTS

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

	Bank and Group	
	2019	2018
	B$'000	B$'000
Contingencies		
Letters of Credit	55,302	60,181
Guarantees, Bonds	132,769	142,915
Shipping Guarantees	487	19
Acceptances	4,140	1,443
Forward purchase	29,696	19,137
Sub-Total	222,394	223,695
Commitments		
Undrawn Credit Lines	704,904	606,754
Sub-Total	704,904	606,754
Total Contingencies and Commitments	927,298	830,449

32 CASH AND CASH EQUIVALENTS

	Bank		Group	
	2019	2018	2019	2018
	B$'000	B$'000	B$'000	B$'000
Cash in hand	38,875	37,832	42,301	40,491
Balances and placements with banks and other financial contractual maturity of less than 3 months	1,421,513	1,532,609	1,285,806	1,374,000
Total	1,460,388	1,570,441	1,328,107	1,414,491

33 RELATED PARTY TRANSACTIONS

The Bank and the Group considered members of the board of directors as key management personnel of the Bank and the Group.

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

(i) Transactions with Key Management Personnel for Bank and Group:

	2019	2018
	B$'000	B$'000
Statements of Financial Position		
Assets		
Loans and Advances (exclude Credit cards)	777	1,322
Credit Cards	217	338
Total	994	1,660
Liabilities		
Deposits	5,756	9,065
Total	5,756	9,065
Off Balance Sheet items		
Undrawn Facilities	448	2,368
Total	448	2,368
Statements of Profit or Loss and Other Comprehensive Income		
Income		
Interest Income	52	101
Total	52	101
Expenses		
Interest Expenses	87	139
Other Expenses	4,436	3,253
Total	4,523	3,392

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

	Subsidiaries		Other Related Companies	
	2019	2018	2019	2018
	B$’000	B$’000	B$’000	B$’000
Statements of Financial Position				
Assets				
Loans and Advances (exclude Credit cards)	-	-	97,175	115,581
Credit Cards	-	-	77	38
Other assets	341	14	-	-
Total	341	14	97,252	115,619
Liabilities				
Deposits	207,914	221,936	196,584	214,571
Other Liabilities	-	5,236	-	-
Total	207,815	227,172	196,584	214,571
Off-Balance sheet items				
Guarantees	-	-	419	599
Undrawn Facilities	-	-	54,381	14,492
Contingencies and Other Commitments	-	-	7,291	4,345
Total	-	-	62,091	19,436
Statements of Profit or Loss and Other Comprehensive Income				
Income				
Interest Income	-	-	4,330	3,890
Total	-	-	4,330	3,890
Expenses				
Interest Expenses	2,908	1,906	1,124	1,076
Total	2,908	1,906	1,124	1,076

OFFICE | BRANCHES

HEAD OFFICE

Blocks A & B, Units 1-4,
Kiarong Complex
Lebuhraya Sultan Hassanal
Bolkiah BE1318
Tel 226 8300 Fax 24 2888

BAIDURI BANK BRANCHES

Beribi Branch (Financial Services Centre)
Units 16-17, Ground Floor
Sumbangsih Bahagia
Kompleks Perindustrian Beribi
Bandar Seri Begawan BE1118
Tel 242 6807/8/10/11
Fax 242 6809

Kiarong Branch
Block A, Ground Floor
Units 1-4, Kiarong Complex
Lebuhraya Sultan Hassanal
Bolkiah BE1318
Tel 226 8300 Fax 245 2888

Kiulap Branch
Unit 1, Block A,
Kompleks Shakirin Kampong
Kiulap, BE1518,
Tel 223 6905/6/10
Fax 223 6904

Kuala Belait Branch
Units 2-4, Tang Ching
Ying Building Jalan Sungai,
Kuala Belait KA 2331
Tel 333 0650 Fax 334 2297

Muara Town Branch
Units G2 & G3, Ground Floor,
Al-Warasah Building, Muara
Town Tel 227 1700, 277 1701
Fax 277 1702

Seria Branch
Unit 1F, Ground Floor, 39/40
Jalan Sultan Omar Ali, Seria
Tel 3322 2450/38, 322 2960/63
Fax 322 2433

Serusop Branch
Units 2-4, Block A, Pelangi
Complex, Simpang 52
Kampong Delima Satu, Jalan
Muara, Berakas BB4713
Tel 234 3288 Fax 234 3285

Supa Save Gadong Branch
Units 6-8, SupaSave Gadong,
Kg Mata Mata BE1718
Tel 242 0627, 242 0629
Fax 242 0909

Tanjong Bunut Branch
Unit 1, Ground & First Floor,
Block D, Medan Tanjong Bunut,
Kampong Tanjong Bunut
Tel 266 3960 Fax 266 3959

The Mall Branch
Unit G-30, Ground Floor,
The Mall,Abdul Razak
Complex, Gadong, BE3519
Tel 242 1498, 242 1398,
242 1396
Fax 242 1415

Times Square Branch
Unit F26, First Floor, Times
Square, Kampong Jaya Setia,
Mukim Berakas A
Tel 234 5111 Fax 234 5112

Tutong Branch
Units 8 & 9, Ground Floor
Block C, Bangunan Hj Abdul
Malik & Anak-Anak, Kg Petani
Tutong, TA1141
Tel 426 0707 Fax 426 0714

Yayasan Branch
Unit G-25, Ground Floor,
Block C, Yayasan Sultan Haji
Hassanal Bolkiah,
Building Complex, BS8711
Tel 223 3233 Fax 222 1891

BUSINESS HUB

Units 2-4, First Floor, Block A,
Pelangi Complex Simpang 52,
Kampong Delima Satu, Jalan
Muara,Berakas BB4713
Tel 234 3286, 234 3227

E-BANKING CENTRE

Unit 4, Block B, First Floor,
Kiarong Complex,
Lebuhraya Sultan Hassanal
Bolkiah BE1318
Tel 244 9666

CARD CENTRE

Unit 8, Block A,
Kiarong Complex,
Lebuhraya Sultan Hassanal
Bolkiah BE1318
Tel 244 9666

LOAN CENTRE

Unit 6, Block A,
Kiarong Complex,
Lebuhraya Sultan Hassanal
Bolkiah BE1318
Tel 226 8433
Fax 245 4184

WEALTH MANAGEMENT CENTRE

Unit 10, Level 2, Block A
Kiarong Complex,
Lebuhraya Sultan Hassanal
Bolkiah BE1318
Tel 226 8363/59
Fax 226 8364

24-HOUR CUSTOMER HELPLINE
244 9666

WHATSAPP
729 5566

EMAIL
bank@baiduri.com

OFFICE | BRANCHES | ATM LOCATIONS

BAIDURI FINANCE BERHAD

Baiduri Finance Bhd is a wholly-owned subsidiary of Baiduri Bank. Opened 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 Perindustiran Beribi, Bandar Seri Begawan BE1118
Tel 242 6800 Fax 245 0877

Kuala Belait Branch
Unit 1, Ground Floor, Tang Ching Ying Building, Jalan Sungai Kuala Belait KA2331
Tel 333 0570 Fax 333 0572

BAIDURI CAPITAL SDN BHD

Baiduri Capital Sdn Bhd is a wholly-owned subsidiary of Baiduri Bank, Opened in 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 226 8825

Aman Hills Shopping Complex
Ground Floor, Kg Sg Tilong

Berjaya Complex
Kampung Bukit Bendera
Pekan Tutong

Brunei International Airport
Departure Hall, Berakas

BAIDURI BANK OFF-SITE ATM LOCATIONS

Centrepoint
Ground Floor, The Centrepoint
Abdul Razak Complex, Gadong

Freshco Batu Satu
Ground Floor, Plaza Abdul Razak
Jalan Tutong

Rimba Point
Kampung Rimba, Mukim Gadong

Grand City Hotel
Kg Pengkalan Gadong, Mukim Gadong

Hua Ho Sengkurong
Ground Floor, Bangunan Pg Hj Othman, Kg Sengkurong A

Hua Ho Manggis Mall
Basement Level 1, Kg Manggis, Jalan Muara

Hua Ho Mall, Tanjong Bunut
Medan Tanjong Bunut, Jalan Tutong

JP Food Court Complex
Jerudong Park, Kampong Jerudong

KB Sentral
Ground Floor
KB Sentral Shopping Centre
Jalan Seri Maharaja, Kg Mumong A

Mall Processing Centre
Jabatan Perhidmatan Pos
Lapangan Terbang Lama, Berakas

Ripas Hospital
Koperasi
Kementerian Kesihatan Berhad, RIPAS

Stesen Minyak Shahryza
Kampong Bunut, Jalan Tutong

Soon Lee Megamart KB
Pandan 7, Kg Mumong, Kuala Belait

Soon Lee Megamart Lambak Kanan
Ground Floor, Kg Lambak Kanan, Berakas

Soon Lee Megamart Sungai Liang
Bangunan Lim Kui Hong
Kg. Gana, Sg. Liang, Kuala Belait

Supa Save Mabohai
Mabohai Shopping Complex
Spg. 99 Jalan Kebangsaan

Supa Save Panaga
Kg Lorong Empat Belas Barat
Mukim Seria

Times Square Mall
Unit GE3, Ground Floor,
Times Square
Kampong Jaya Setia,
Mukim Berakas A

The Core, UBD
Universiti Brunei Darussalam