United Overseas Bank Limited
Brunei Darussalam Branch

(Incorporated in Singapore)
Registration No. RFC00000683

Branch Accounts
For the year ended 31 December 2023

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United Overseas Bank Limited
(Incorporated in Singapore)
Brunei Darussalam Branch
(Registered in Brunei Darussalam as a Company incorporated outside Brunei Darussalam)

Financial Statements
For the financial year ended 31 December 2023

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UNITED OVERSEAS BANK LIMITED
(Incorporated in Singapore)
BRUNEI DARUSSALAM BRANCH
(Registered in Brunei Darussalam as a Company incorporated outside Brunei Darussalam)

CORPORATE GOVERNANCE

This section is pursuant to the Brunei Darussalam Central Bank Notice No BU/N-1/2017/36 on the Disclosure of Corporate Governance Arrangement.

UOB Ltd is a leading bank in Asia with a global network of more than 500 branches and offices in 19 countries and territories in Asia Pacific, Europe and North America. It provides a wide range of financial services globally through its three (3) core business segments: Group Retail, Group Wholesale Banking and Global Markets. Its offerings include personal financial services, private banking, business banking, commercial and corporate banking, transaction banking, investment banking, corporate finance, capital market activities, treasury services, brokerage and clearing services. UOB Ltd's subsidiaries provide asset management, venture capital management and insurance services.

UOB Ltd, incorporated in Singapore has the registered office of its Brunei Darussalam Branch at Impiana Jaya Complex, Unit No 1, Ground floor, 1st floor and 2nd floor, Simpang 116-34, Jalan Jame'ASR, Kampung Kiulap, Gadong B, Bandar Seri Begawan BE1518, Negara Brunei Darussalam. The Branch is a segment of United Overseas Bank Limited and is not a separately incorporated legal entity.

The main business activity of UOB Brunei Branch is credit lending. Other activities include money market activities, trade finance and remittance services.

UOB Brunei Branch was established in 2001 with a full banking license. In 2015, Branch's business model was transformed to focus on providing commercial and corporate banking services

The Group's full set of Corporate Governance can be obtained through the hyperlink below for the latest copy:-

Link: https://www.uobgroup.com/AR202X/documents/Corporate-Governance

Together with information on the Group's Corporate Governance, the following information in relation to Risk Management is available as well:-

(i) Credit Risk
- Governance and Organization
- Mitigation
- Monitoring and Remedial Management
- Internal Credit Rating System

(ii) Market Risk
- Interest Rate Risk in the Banking Book
- Liquidity Risk
- Operational Risk

INTERNAL CONTROL

UOB Brunei Branch is headed by The Country Manager who is overall in charge of business development and operations of the Branch and directly reporting to Head Of Group International Management who has geographical oversight on the strategic development and financial performance of overseas branches and subsidiaries. The key functional units of the branch have matrix reporting to the global functional heads such as Group Compliance and Group Wholesale Banking and Group Wholesale Operations Standardization at Head office.

The Country Manager is supported by the following direct reports:-
1. Head of Operations
2. Head of Business Unit
3. Head of Finance & Administration
4. Head of Compliance

MANAGEMENT COMMITTEE

The Management Committee of UOB Brunei ("MC") is a committee of management members appointed by the Country Manager to establish business and budget plans, to monitor the Branch's financial and operating performance and to facilitate branch-wide coordination, communication and teamwork as well as risk management. MC meetings are held monthly or as and when their urgent matters that require attention. MC details are provided below.

<table>
<tr><th>Composition</th><th>Roles & Responsibilities</th></tr>
<tr><td>Members

▪ Country Manager, Chairman
▪ Head of Operations
▪ Head of Finance & Admin
▪ Head of Compliance
▪ Head of Credit Admin & Support (reporting to Head of Operations)
▪ Head of Business Unit

The MC may choose to invite any other officer/s as either permanent or temporary invitees for obtaining expert views or experienced counsel.</td><td>▪ Establish strategies, policies and plans for conducting business and managing the Branch's operations;
▪ Review and monitor financial and operating performance of the Branch against approved strategies and plans;
▪ Allocate resources, including capital that commensurate with risk adjusted returns and undertake active capital management;
▪ Facilitate branch-wide coordination, communication and teamwork;
▪ Decide on significant business proposals and issues;
▪ Provide a forum for sharing key decisions and directions as well as key market developments;
▪ Review and monitor credit matters (including the credit portfolio), operational risk and branch operations issues, compliance and regulatory related matters;
▪ To discuss and monitor all ALCO-related matters:
– Engage Group ALCO whenever applicable: refresh existing parameters; frameworks, policies and risk measurement methodologies and model assumptions;
– Limit excesses and triggers and endorse for Group ALCO approval if applicable;
– Establish funding strategies, target balance sheet mix and pricing strategies for deposits and loans, including approval of loan and deposit rates;
– Monitor, assess and review key economic and market updates, market risk, banking book interest rate and liquidity risk profiles and exposures, vulnerabilities, P&L incidences, material issues and major transactions;
– Monitor asset / liability distributions and maturities;
– Discuss market risk, banking book interest rate risk and liquidity risk, including the monitoring of limits utilization;
▪ Communicate and disseminate any HO directives which impact the Branch for all in the management team to note and apply;
▪ Oversee implementation of new and / or updates in policies and procedures.</td></tr>
</table>

COMPLIANCE FUNCTION

The Compliance Function of UOB Brunei Branch is an independent function which assists the Management in ensuring that all activities of Brunei Branch are conducted in conformity with laws and regulations.

The Country Manager is responsible for the oversight and implementation of the Compliance Risk Management Framework that contains the basic principles and explains the main processes by which compliance risks are to be identified and managed in UOB Brunei Branch including:-

- Fostering awareness of the major aspects of UOB Brunei's Compliance risks that should be explicitly managed;
- Ensuring that the all Compliance manual and other relevant policies and guidelines are observed
- Ensuring that appropriate remedial or disciplinary action is taken if breaches are identified; and
- Ensuring that UOB Brunei Branch can rely on a permanent and effective Country Compliance function that is sufficiently resourced to carry out its role.

Reporting Structure of Compliance Function

The Compliance department has a solid and direct functional reporting line to the Group Head of Compliance, and a reporting line to the Country Manager

The Group Head of Compliance has a direct reporting line to the Group Chief Executive Officer and has an overall responsibility for identifying, managing and coordinating of regulatory compliance risk & providing oversight and functional compliance leadership to manage the compliance risk for the Group. The Group Head of Compliance also ensures that the Board of Directors and Senior Management are informed of significant compliance issues and plans for resolution.

The Country Manager must ensure the independence of the Compliance function and be guided by the relevant guidelines and policies.

CREDIT RISK

Brunei Branch adopts Group's credit risk management framework and credit policies which are supplemented with credit manuals to cater for local requirements. Credit origination and approval functions are segregated where credit applications and borrower ratings are approved by head Office. Credit approval is based on risk-based scale, according to borrowers' credit rating.

OPERATIONAL RISK

The processing of trade operations is outsourced to Head Office while other operations are performed at Branch. Group Wholesale Operations & Standardisation (GWOS) provides supervisory oversight of branch's operational matters. There are standardised overseas branch operations manuals incorporating local requirements to guide staff on operational procedures and controls.

Brunei branch conducts Operational Risk Self-Assessment and performs testing of the Key Risk and Control Self-Assessment annually. It tracks the operational risk events through incident reporting and monitoring of key operational risk indicators. Segregation of duties and maker-and-checker controls are established for key activities.

INTERNAL AUDIT

Brunei Branch does not have an Internal Audit department established in Brunei. All overseas branches are governed by Head Office with Internal auditors auditing branch on annual basis. The objectives are to review the effectiveness of internal controls and procedures adopted by branch to comply with Corporate Standards and applicable regulations and to provide an independent evaluation of the business' risk and control environment.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Overseas Bank Limited

Opinion

We have audited the financial statements of **United Overseas Bank Limited – Brunei Branch** ("the Branch"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity/head office account and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

The Branch is a segment of **United Overseas Bank Limited**, a company incorporated in Singapore and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Branch and reflect only transactions recorded herein.

In our opinion,

a) the accompanying financial statements give a true and fair view of the financial position of the Branch as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with the provisions of the Brunei Darussalam Companies Act, Cap. 39 ("the Act") and the International Financial Reporting Standards ("IFRS"), according to the best of our information and the explanations given to us and as shown by the books of the Branch; and

b) we have obtained all the information and explanations we required.

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 on the Branch in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("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.

Other Information

Management is responsible for the other information. The other information comprises the Corporate Governance and Branch Management Certification set out on pages 1 to 4 and 8 respectively.

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

In connection with our audit of the financial statements of the Branch, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Branch 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.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Overseas Bank Limited (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Branch'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 Branch or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Branch's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

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

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Overseas Bank Limited (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

ERNST & YOUNG
Public Accountants

KONG EE PIN
Registered Public Accountant

Brunei Darussalam
Date: 29 March 2024

UNITED OVERSEAS BANK LIMITED
(Incorporated in Singapore)
BRUNEI DARUSSALAM BRANCH
(Registered in Brunei Darussalam as a Company incorporated outside Brunei Darussalam)

CERTIFICATION

We, the undersigned, being the Country Manager and the Finance Manager of United Overseas Bank Limited (Brunei Darussalam Branch) do hereby state that, in our opinion, the financial statements of the Branch set out in pages 9 to 49 are properly drawn up in accordance to the provisions of the Brunei Darussalam Companies Act, Cap. 39 (the "Act") and International Financial Reporting Standards ("IFRSs"), so as to give a true and fair view of the assets used in, and liabilities arising out of the Branch's operations in Brunei Darussalam as at 31 December 2023, and of the results, changes in equity/head office account and cash flows for the financial year ended on that date.

Howard Low Boon Keng
Country Manager
Date: 29 March 2024

Hajah Norsinah Haji Kamis
Finance Manager
Date: 29 March 2024

UNITED OVERSEAS BANK LIMITED
(Incorporated in Singapore)
BRUNEI DARUSSALAM BRANCH
(Registered in Brunei Darussalam as a Company incorporated outside Brunei Darussalam)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	31-Dec-2023 B$'000	31-Dec-2022 B$'000	Change %
ASSETS				
Cash and Short Term Funds	4	832	971	(14.32)
Balances with Brunei Darussalam Central Bank	5	25,901	22,656	14.32
Government Sukuk	6	3,981	3,986	(0.13)
Loans and advances	7	92,777	100,944	(8.09)
Group balances receivable	8	236,714	236,332	0.16
Plant and equipment	9	1,537	1,806	(14.89)
Other assets	10	3,467	3,235	7.17
Deferred tax asset	15	189	189	-
Total Assets		365,398	370,119	(1.28)
LIABILITIES AND CAPITAL FUNDS				
Deposits from customers	11	250,032	253,311	(1.29)
Deposits from banks and other financial institutions	12	2,721	5,538	(50.87)
Group balances payable	13	4,444	4,517	(1.62)
Other liabilities	14	3,644	2,760	32.03
Taxation	15	255	100	155
Total Liabilities		261,096	266,226	(1.93)
EQUITY				
Assigned Capital	16	30,000	30,000	-
Statutory Reserve Fund	17	37,973	35,268	7.67
Retained Profits		36,329	38,625	(5.94)
Total Equity		104,302	103,893	0.39
Total Liabilities and Capital Funds		365,398	370,119	(1.28)

		31-Dec-2023 %	31-Dec-2022 %
CAPITAL ADEQUACY			
Core capital ratio (Tier 1 capital)	30	76.61	74.49
Total capital ratio	30	76.96	74.84

The accompanying notes form an integral part of the financial statements.

Howard Low Boon Keng
Country Manager
Date: 29 March 2024

Hajah Norsinah Haji Kamis
Finance Manager
Date: 29 March 2024

UNITED OVERSEAS BANK LIMITED
(Incorporated in Singapore)
BRUNEI DARUSSALAM BRANCH
(Registered in Brunei Darussalam as a Company incorporated outside Brunei Darussalam)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 December 2023

	Note	2023 B$'000	2022 B$'000	Change %
Interest income	19	**13,983**	8,608	62.44
Less: Interest expense	19	**(4,761)**	(1,686)	182.38
Net interest income		**9,222**	6,922	33.23
Fee income	20	**629**	608	3.45
Net trading income	21	**261**	223	17.04
Other operating income	22	**138**	205	(32.68)
Total operating income		**10,250**	7,958	28.8
Less:				
Personnel expenses	23	**(2,873)**	(2,607)	10.20
Management fees	24	**(11)**	(12)	(8.33)
Other overhead expenses	25	**(1,659)**	(1,488)	11.49
Operating profit before impairment charges		**5,707**	3,851	48.20
(Allowance)/Reversal for impairment	26	**(70)**	338	(120.71)
Profit before income tax		**5,637**	4,189	34.57
Income tax expense	27	**(228)**	(126)	80.95
Profit after income tax		**5,409**	4,063	33.13
Other comprehensive income		**-**	-	-
Profit/Total comprehensive income for the financial year		**5,409**	4,063	33.13

	31-Dec-2023 %	31-Dec-2022 %
Return on Assets (ROA) – Before Tax	**1.54**	1.13
Return on Assets (ROA) – After Tax	**1.48**	1.10
Return on Equity (ROE) – After Tax	**5.19**	3.91

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY/HEAD OFFICE ACCOUNT
For the financial year ended 31 December 2023

	Note	Assigned capital B$'000	Statutory reserve fund B$'000	Retained profits B$'000	Total B$'000
Balance as at 1 January 2022		30,000	33,236	36,594	99,830
Profit/Total other comprehensive income for the financial year		-	-	4,063	4,063
Transfer to statutory reserve		-	2,032	(2,032)	-
Balance as at 31 December 2022		30,000	35,268	38,625	103,893
Balance as at 1 January 2023		**30,000**	**35,268**	**38,625**	**103,893**
Retained Profit remitted to Head Office		-	-	**(5,000)**	**(5,000)**
Profit/Total other comprehensive income for the financial year		-	-	**5,409**	**5,409**
Transfer to statutory reserve		-	**2,705**	**(2,705)**	-
Balance as at 31 December 2023		**30,000**	**37,973**	**36,329**	**104,302**

The accompanying notes form an integral part of the financial statements.

UNITED OVERSEAS BANK LIMITED
(Incorporated in Singapore)
BRUNEI DARUSSALAM BRANCH
(Registered in Brunei Darussalam as a Company incorporated outside Brunei Darussalam)

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2023

	Note	**2023 B$'000**	2022 B$'000
Cash flows from operating activities			
Profit before income tax		**5,637**	4,189
Adjustments for:			
- Depreciation	9	**304**	251
- Expected credit losses		**(304)**	(2,757)
- Gain on disposal of plant and equipment		**-**	(94)
- Gain on termination of leases		**-**	(77)
- Interest on lease liabilities	14	**15**	22
Changes in:			
- Balances with Brunei Darussalam Central Bank		**(635)**	(3,885)
- Loans and advances		**8,505**	(4,898)
- Other assets		**(232)**	(2,486)
- Deposits from customers		**(3,279)**	75,055
- Deposits from banks and other financial institutions		**(2,817)**	1,870
- Group balances payable		**(73)**	421
- Other liabilities		**979**	1,448
Income tax paid	**15**	**(73)**	(436)
Net cash generated from operating activities		**8,027**	68,623
Cash flow from investing activities			
Group balances receivables, net		**(7,850)**	(48,700)
Acquisition of Government Sukuk		**(4,000)**	(4,000)
Proceeds from maturity of Government Sukuk		**4,000**	11,000
Acquisition of plant and equipment		**(35)**	(354)
Proceeds from sale of plant and equipment		**-**	94
Net cash used in investing activities		**(7,885)**	(41,960)
Cash flow from financing activities			
Payment of principal portion of lease liabilities	14	**(124)**	(144)
Payment of interest portion of lease liabilities	14	**(15)**	(22)
Repatriation of profit to Head Office		**(5,000)**	
Net cash used in financing activities		**(5,139)**	(166)
Net (decrease)/increase in cash and cash equivalents		**(4,997)**	26,497
Cash and cash equivalents at beginning of year		**62,360**	35,863
Cash and cash equivalents at end of year		**57,363**	62,360

Cash and cash equivalents:

Cash and short term funds	**4**	**832**	971
Balances with Brunei Darussalam Central Bank	**5**	**9,967**	7,357
Group balances receivable	**8**	**46,564**	54,032
		57,363	62,360

The accompanying notes form an integral part of the financial statements.

1 CORPORATE INFORMATION

United Overseas Bank Limited, incorporated in Singapore has the registered office of its Brunei Darussalam Branch at Impiana Jaya Complex, Unit No 1, Ground Floor, First Floor & Second Floor, Simpang 116-34, Jalan Jame'ASR, Kampung Kiulap, Gadong B, Bandar Seri Begawan BE1518 Negara Brunei Darussalam.

The Branch is a segment of United Overseas Bank Limited and is not a separately incorporated legal entity.

The consolidated financial statements of United Overseas Bank Limited are available to the public on the United Overseas Bank Limited website.

The Branch is primarily involved in the business of banking in all aspects.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance to the provisions of the Brunei Darussalam Companies Act, Cap.39 (the "Act") and International Financial Reporting Standards ("IFRSs").

These financial statements were authorized for issue by the management of the Branch on 29 March 2024.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention, except as otherwise stated.

The accounting policies and methods of computation have been applied consistently to all periods presented in these financial statements unless otherwise stated.

2.3 Functional and presentation currency

These financial statements are presented in Brunei dollar (B$), which is the Branch's functional currency, and to the nearest thousand, unless otherwise stated.

2. BASIS OF PREPARATION (continued)

2.4 Changes in accounting policies

(i) Changes during the financial year

The Branch adopted the following financial reporting standards during the financial year which had no significant effect on the financial statements of the Branch:

- Amendments to IAS 1: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Other than the above, the accounting policies applied by the Branch in the financial year were consistent with those adopted in the previous financial year.

(ii) Changes subsequent to the financial year

The following IFRS that are in issue will apply to the Branch for the financial years as indicated:

Effective for the financial year beginning on or after 1 January 2024:

- Amendments to IFRS16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Non-current Liabilities with Covenants

Application of the IFRS listed above is not expected to have a significant impact on the Branch's financial statements.

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2 BASIS OF PREPARATION (continued)

2.5 Use of estimates and judgements (Continued)

Preparation of the financial statements involves making certain assumptions and estimates. This often requires management's judgement for the appropriate policies, assumptions, inputs and methodologies to be used. As judgements are made based on information available at the time the financial statements are prepared, the ultimate results could differ from those disclosed in the statements due to subsequent changes in the information. The following provides a brief description of the Branch's critical accounting estimates that involve management's judgement.

(i) **Allowance for impairment of financial assets**
Allowance for impairment of financial assets is determined in accordance with note 3.4 (vii). This requires management's experience and significant judgement. The process involves assessing various factors such as economic indicators, business prospects, timing and amount of future cash flows and liquidation proceeds from collateral.

(ii) **Classification of financial assets**
Classification of financial assets is determined in accordance with Note 3.4 (i). In applying IFRS 9, management judgement was required concerning business model assessment and determination of whether contractual cash flows can be considered as solely payments of principal and interest.

(iii) **Fair valuation of financial instruments**
Valuation of financial instruments that are not quoted in the market or with complex structures requires considerable judgement of management in selecting the appropriate valuation models and data inputs.

(iv) **Lease liabilities**
A lease uses its incremental borrowing rate (i.e. the interest rate at which it would have to borrow over a similar term and with similar security to obtain an asset of similar value and in a similar economic environment as the ROU assets) if the rate implicit in a lease cannot be readily determined.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

3.1 Depreciation of plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Costs include expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognized net within other income in profit or loss.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.1 Depreciation of plant and equipment (continued)

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Branch will obtain ownership by the end of the lease term and is not depreciated.

The estimated useful lives of the various categories of plant and equipment are as follows:

	No. of years
Renovation	10
Furniture, fixtures, equipment and computer software	5 – 10
Motor vehicles	5

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.2 Lease

A lease is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease is not enforceable if both the lessor and lessee have the right to terminate the lease without the consent of the other party and with no significant penalty. Assessment of whether a lease exists is done at inception of the contract and reassessment is required only when the terms and conditions of the contract are changed.

At commencement of a lease, a lessee recognized a right-of-use (ROU) asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) for all leases except as exempted below.

Exemptions
For short term leases (lease term < 12 months at commencement date and the lease contains no purchase option) or leases of low-value assets (< USD5,000 per asset when it is new and not when at the point of lease), a lessee may elect to expense them over the lease term on a straight-line basis or another basis that is more reflective of the lessee's usage of the assets.

Right-of-use asset

ROU asset is measured with the following components:-

- Initial measurement of lease liability
- Include any lease payments made at or before lease commencement date
- Exclude any lease incentives received
- Include Initial direct costs and any estimated costs to be incurred at end of lease as required by the contract (e.g. restoring costs)

Subsequent measurement will minus any accumulated depreciation and impairment losses together with re-measurement of lease liability.

ROU asset is depreciated over the lease term (or useful life of the asset if shorter) on a straight-line basis or another basis more reflective of the usage of the asset. If ownership of the underlying asset will be transferred to the lessee by end of the lease term, or exercising of a purchase option is probable, ROU asset is depreciated over the useful life of the asset. ROU asset is reviewed for impairment quarterly. Provision is made when its recoverable amount is below its carrying amount. ROU asset is a non-monetary asset measured at historical cost.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.2 Lease (continued)

Lease liability

Lease liability is measured at present value of lease payments outstanding at lease commencement discounted at the implicit interest rate. Subsequent measurement will include interest payable on lease liability minus lease payments made and re-measurement of lease liability

Lessee recognizes the following in the profit or loss during the lease term:-

- Interest expense on lease liability (= outstanding lease liability x discount rate used to present value the lease payments)
- Depreciation charges on ROU asset
- Any impairment losses on ROU assets
- Any variable lease payments not dependent on an index/rate when the trigger event/condition occurs.
- Any re-measurement gain/loss on lease liability

3.3 Foreign currency transactions

On initial recognition, transactions in foreign currencies are recorded in the functional currency of the Branch at the exchange rate ruling at the transaction date. Subsequent to initial recognition, monetary assets and monetary liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at reporting date are recognized in the statement of profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial assets and financial liabilities

(i) Classification of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI"); or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Branch changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Branch may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Branch may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Branch makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or recognize cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

3. MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial assets and financial liabilities (continued)

(i) Classification of financial assets and financial liabilities (continued)

- how management of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Branch's stated objective for managing the financial assets is achieved and how cash flows are recognized.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Branch's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Branch considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Branch considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Branch's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodic reset of interest rates).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial assets and financial liabilities (continued)

(i) Classification of financial assets and financial liabilities (continued)

Financial instruments are recognized initially at their fair value which is generally the transaction price, reduced by loss allowance for financial assets at amortised cost. Directly attributable transaction costs are included as part of the initial cost for financial instruments that are not measured at fair value through profit or loss.

(ii) Measurement

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities

The Branch classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL. The Branch derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iii) Fair value determination

Fair values of financial assets and financial liabilities with active markets are determined based on the market bid and ask prices respectively at the reporting date. For financial instruments with no active markets, fair values are established using valuation techniques such as making reference to recent transactions or other comparable financial instruments, discounted cash flow method and option pricing models. Valuation inputs include spot and forward prices, volatilities, correlations and credit spreads.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial assets and financial liabilities (continued)

(iv) Recognition and derecognition

Financial instruments are recognized when the Branch becomes a party to the contractual provision of the instruments.

All regular way purchases and sales of financial assets that require delivery within the period generally established by regulation or market convention are recognized on the settlement date.

Financial instruments are recognized when the contractual rights to cash flows and risks and rewards associated with the instruments are substantially transferred, cancelled or expired. On derecognition, the difference between the carrying amount of the instruments and the consideration received/paid, less the accumulated gain or loss that has been recognized in equity are taken to the statement of profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and presented net in the Statement of Financial Position if there is current, unconditional and legally enforceable right and intention to settle them simultaneously or on a net basis.

(vi) Financial derivatives

Financial derivatives with positive and negative fair values are presented as assets and liabilities in the Statement of Financial Position respectively.

(vii) Impairment

Loans, debt assets, undrawn loan commitments and financial guarantees that are not measured at FVTPL are subject to credit loss provisioning which is made on an expected loss basis, point-in-time, forward-looking and probability-weighted. Where there is no significant increase in credit risk since initial recognition, expected credit loss (ECL) representing possible default for the next 12 months is required (Stage 1). Lifetime ECL is required for non-credit-impaired financial assets with significant increase in credit risk since initial recognition (Stage 2) and credit-impaired financial assets (Stage 3).

The Branch considers a range of qualitative and quantitative parameters to assess whether a significant increase in credit risk since initial recognition has occurred. Parameters such as changes in credit risk ratings, delinquency, special mention, behavioural score cards and non-investment grade status are considered where available and relevant. Exposures are considered credit-impaired if they are past due for 90 days or more or exhibit weaknesses which are likely to jeopardise repayments on existing terms. The definition of default is consistent with that used for risk management purposes.

Exposures with significant increase in credit risk are transferred from Stage 1 to Stage 2. Exposures are transferred back to Stage 1 when they no longer meet the criteria for a significant increase in credit risk. Exposures that are credit-impaired are classified as Stage 3 and could be upgraded to Stage 1 or Stage 2 if supported by repayment capability, cash flows and financial position of the borrower and it is unlikely that the exposure will be classified again as credit-impaired in the future.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

Although the Branch leverages its Basel credit risk models and systems, modifications are required to ensure that outcomes are in line with IFRS 9 ECL requirements. Such modifications include transforming regulatory probabilities of default (PD), loss given default (LGD) and exposure at default (EAD), considering forward-looking information, discount rate and discounting period. Macro-economic variables considered include interest rates, property price indices, unemployment rates, consumer price indices, gross domestic products and equity price indices.

ECL is computed by discounting the product of PD, LGD and EAD to the reporting date at the original effective interest rate or an approximation thereof. The ECL is adjusted with a management overlay where considered appropriate.

Financial assets in Stage 1 and Stage 2 are assessed for impairment collectively while exposures in Stage 3 are individually assessed. Those collectively assessed are grouped based on similar credit risks and assessed on a portfolio basis. ECL is recognized in the income statement.

Financial assets are written off when the prospect of recovery is considered poor or when all avenues of recovery have been exhausted.

3.5 Tax

Income tax

Income tax expense comprises current and deferred tax.

Current tax

Current tax is measured at the amount expected to be recovered from or paid to the tax authorities. The tax rate and tax law applied are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases and carrying amounts of assets and liabilities. Deferred tax is measured at the tax rate that is expected to apply when the assets are recognized or the liabilities are settled, based on the tax rate and tax law that have been enacted or substantively enacted by the reporting date.

Deferred tax is not provided for temporary differences arising from initial recognition of an assets or liability that does not affect accounting or taxable profit, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Where gains and losses are recognized directly to equity, the related deferred tax is also taken to equity.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.6 Recognition of income

(i) Interest income

Effective interest rate

Interest income and expense are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Branch estimates future cash flows considering all contractual terms of the financial instruments, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

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

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative recognized using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018).

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see note 3.4 (vii).

3 MATERIAL ACCOUNTING POLICIES (continued)

3.6 Recognition of income (continued)

(i) Interest income (continued)

Presentation

Interest income and expense presented in the statement of profit or loss and OCI include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on debt instruments measured at FVOCI calculated on an effective interest basis;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Branch's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

(ii) Fees and commission income

Fees and commission income is recognized when the services are rendered. For services that are provided over a period of time, fee and commission income is recognized over the service period.

3.7 Provisions

Provisions are recognized when the Branch has a present legal or constructive obligation as a result of past events and an outflow of resources to settle the obligation is probable and a reliable estimate can be made. At each reporting date, provisions are reviewed and adjusted to reflect the current best estimate. When an outflow of resources to settle the obligation is no longer probable, the provision is reversed.

3.8 Personnel expenses

Base pay, cash bonuses, allowances, commissions and defined contributions under regulations are recognized in the statement of profit or loss when incurred. Leave entitlements are recognized when they accrue to employees based on contractual terms of employment.

3.9 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with banks and other financial institutions (including the Real Time Gross Settlement balance held with Brunei Darussalam Central Bank), group balances receivable as well as highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Branch in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.10 Impairment of non-financial assets

At each reporting date, the Branch reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or cash generating units (CGUs).

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

For the assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or recognized, if no impairment loss had been recognized.

3.11 Undrawn credit facilities

Undrawn credit facilities (both revocable and irrevocable) are recorded under commitments and the amount is adjusted for subsequent drawdowns.

3.12 Contingent liabilities

Contingent liabilities are only recognized when it is probable that an obligation has arisen. The amount of any provision is the best estimate of the amount required to fulfil the obligation.

4 CASH AND SHORT TERM FUNDS

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Cash in hand	**581**	675
Balances with banks and other financial institutions	**251**	296
Total	**832**	971

The ECL allowance for Cash and Short Term Funds is B$0.5 thousand (2022: B$0.1 thousand).

5 BALANCES WITH BRUNEI DARUSSALAM CENTRAL BANK

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Real Times Gross Settlement System	**9,967**	7,357
Minimum Cash Reserve	**15,937**	15,302
Less: Allowance for ECL	**(3)**	(3)
Total	**25,901**	22,656

As required by the provisions of Section 45 of the Banking Order 2006, a cash balance is maintained with the Brunei Darussalam Central Bank. At present the minimum cash reserve requirement is 6% of the deposit liabilities.

The Balance is carried at amortised cost in the statement of financial position.

The ECL allowance in balances with Brunei Darussalam Central Bank is B$3 thousand (2022: B$3 thousand).

6 GOVERNMENT SUKUK

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Government Sukuk held		
- Original maturity less than one year	**4,000**	4,000
Less: Allowance for ECL	**(19)**	(14)
Total	**3,981**	3,986

Government Sukuk is carried at amortised cost in the statement of financial position.

The ECL allowance for Government Sukuk is B$19 thousand (2022: B$14 thousand)

7 LOANS AND ADVANCES

Loans and advances analysed by type:

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Bills of Exchange	**136**	-
Cash line/Overdrafts	**39,488**	45,573
Term loans	**16,956**	19,397
Trust receipts	**36,297**	36,515
Interest receivables	**728**	625
Gross loan and advances	**93,605**	102,110
Less: Loan loss provisions		
- Specific (note 26)	**(62)**	(517)
- Allowance for ECL (note 26)	**(766)**	(649)
Net loan and advances	**92,777**	100,944

At 31 December 2023: B$15,036 thousand (2022: B$17,879 thousand) of loans and advances were expected to be settled more than 12 months after the reporting date.

Net loans and advances analysed by security:

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Unsecured	**26,286**	29,948
Secured by:-		
- Cash	**30,050**	30,982
- Mortgage of property	**36,441**	40,014
Total	**92,777**	100,944

Net loans and advances analysed by sector:

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Manufacturing	**4,415**	4,602
Infrastructure	**7,527**	8,451
Transportation	**167**	167
Traders	**41,719**	41,698
Professional services	**8,335**	8,317
Constructions and Property Financing	**28,235**	34,927
Tourism	**505**	522
Telecommunication and Information Technology	**1,874**	2,260
Total	**92,777**	100,944

8 GROUP BALANCES RECEIVABLE

Name of company	31-Dec-2023 B$'000	31-Dec-2022 B$'000
United Overseas Bank Ltd, Singapore	**236,714**	236,332
Total	**236,714**	236,332

At 31 December 2023 and 31 December 2022, none of group balances receivable were expected to be settled more than 12 months after the reporting date.

There is no ECL allowance for group balances receivable in 2023 and 2022.

9 PLANT AND EQUIPMENT

	Right-of-use assets B$'000	Furniture, Fixtures, equipment & computer software B$'000	Motor vehicles B$'000	Renovation (Work-in-progress) B$'000	Renovation B$'000	Total B$'000
Cost						
Balance at 1 January 2022	965	1,041	183	1,056	-	3,245
Additions during the year	167	35	-	319	-	521
Transfer to completed assets	-	428	-	(428)	-	-
Disposal during the year	(637)	(248)	(183)	-	-	(1,068)
Balance at 31 December 2022	495	1,256	-	947	-	2,698
Balance at 1 January 2023	**495**	**1,256**	**-**	**947**	**-**	**2,698**
Additions during the year	**-**	**25**	**-**	**10**	**-**	**35**
Transfer to completed assets	**-**	**-**	**-**	**(957)**	**957**	**-**
Disposal during the year	**-**	**(329)**	**-**	**-**	**-**	**(329)**
Balance at 31 December 2023	**495**	**952**	**-**	**-**	**957**	**2,404**
Accumulated depreciation						
Balance at 1 January 2022	(443)	(948)	(183)	-	-	(1,574)
Depreciation charge for the year	(194)	(57)	-	-	-	(251)
Disposal for the year	502	248	183	-	-	933
Balance at 31 December 2022	(135)	(757)	-	-	-	(892)
Balance at 1 January 2023	**(135)**	**(757)**	**-**	**-**	**-**	**(892)**
Depreciation charge for the year	**(124)**	**(76)**	**-**	**-**	**(104)**	**(304)**
Disposal for the year	**-**	**329**	**-**	**-**	**-**	**329**
Balance at 31 December 2023	**(259)**	**(504)**	**-**	**-**	**(104)**	**(867)**
Carrying amounts						
Balance at 31 December 2022	360	499	-	947	-	1,806
Balance at 31 December 2023	**236**	**448**	**-**	**-**	**853**	**1,537**

9 PLANT AND EQUIPMENT (Continued)

Right-of-use assets

The Right-of-use assets relate to the lease of office spaces by the Branch for its principal place of business, staff accommodation and staff transportation.

10 OTHER ASSETS

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Prepayments	**81**	80
Late cheques	**241**	833
Sundry deposits	**25**	25
Interest receivable from Placements	**3,131**	2,303
Premium/Discount on Government Sukuk	**(11)**	(6)
Total	**3,467**	3,235

11 DEPOSITS FROM CUSTOMERS

Analysed by types of deposits:

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Demand deposits	**24,597**	30,301
Savings deposits	**12**	13
Fixed deposits	**224,151**	220,486
Others	**1,272**	2,511
Total	**250,032**	253,311

Analysed by types of customers:

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Business enterprises	**182,076**	191,777
Individuals	**67,956**	61,534
Total	**250,032**	253,311

At 31 December 2023 and 31 December 2022, none of the deposits from customers had contractual maturities of more than 12 months after the reporting date.

12 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Banks and financial institutions abroad	**2,721**	5,538
Total	**2,721**	5,538

At 31 December 2023 and 31 December 2022, none of the deposits from banks and other financial institutions had contractual maturities of more than 12 months after the reporting date.

13 GROUP BALANCES PAYABLE

Name of company	31-Dec-2023 B$'000	31-Dec-2022 B$'000
United Overseas Bank Ltd Singapore	**1,625**	3,177
United Overseas Bank (M) Bhd, Malaysia	**2,819**	1,340
Total	**4,444**	4,517

At 31 December 2023 and 31 December 2022, none of the group balances payable were expected to be settled more than 12 months after the reporting date.

14 OTHER LIABILITIES

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Creditors and accruals	**885**	651
Interest payable	**2,292**	1,510
Other	**14**	51
Lease liabilities	**298**	422
ECL Allowance for commitment & contingencies (Notes 18 and 26)	**155**	126
Total	**3,644**	2,760

At 31 December 2023: B$463 thousand (2022: B$435 thousand) of other liabilities were expected to be settled more than 12 months after the reporting date.

Lease liabilities	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Balance brought forward/initial adoption of IFRS16	**422**	611
Additions	**-**	167
Termination	**-**	(212)
Interest on lease liabilities	**15**	22
Payment	**(139)**	(166)
Balance carried forward	**298**	422
Current position	**93**	185
Non-current position	**205**	237
	298	422

The total cash outflow for leases is B$141 thousand (2022: B$166 thousand)

15 TAXATION

Provision for income tax

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Balance at the beginning of the financial year	**100**	410
Income tax paid	**(73)**	(436)
Current tax liabilities	**255**	100
(Over)/under provision in prior year	**(27)**	26
Total	**255**	100

15 TAXATION (Continued)

Deferred Taxation

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Balance at the beginning of the financial year	**189**	189
Movements during the year	**-**	-
Total	**189**	189

Deferred tax asset comprises allowance of impairment in relation to adoption of IFRS 9.

16 ASSIGNED CAPITAL

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Balance at the beginning/end of the financial year	**30,000**	30,000

The assigned capital is maintained to comply with Section 8(2)e(ii) of the Brunei Darussalam Banking Order, 2006

17 STATUTORY RESERVE FUND

The Statutory Reserve Fund is maintained to comply with Section 24 of the Brunei Darussalam Banking Order 2006. The Branch transfers a minimum of 50% (2022: 50%) of the profit for the financial year to statutory reserve fund.

18 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Branch makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. As the contingencies and commitments may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Contingencies		
Letters of credit	**631**	1,538
Guarantees, bonds	**14,154**	12,320
Others	**162**	562
Sub total	**14,947**	14,420
Commitments		
Undrawn credit lines	**52,173**	57,075
Sub total	**52,173**	57,075
Total contingencies and commitments	**67,120**	71,495

As at 31 December 2023: B$144 thousand (2022: B$ Nil) of contingencies and commitments had contractual maturities of more than 12 months after the reporting date.

The ECL allowance for commitments and contingencies is B$155 thousand (2022: B$126 thousand) as disclosed in Note 14.

19 INTEREST INCOME AND INTEREST EXPENSE

	2023 B$'000	2022 B$'000
Interest Income		
Interest income from customers	**5,362**	5,328
Interest income from banks	**8,621**	3,280
Total Interest Income	**13,983**	8,608
Interest Expense		
Deposits from customers	**(4,761)**	(1,686)
Total Interest Expense	**(4,761)**	(1,686)
Net Interest Income	**9,222**	6,922

20 FEE INCOME

	2023 B$'000	2022 B$'000
Fee income		
Government Sukuk	**31**	28
Retail banking customer fees	**79**	47
Credit-related fees	**112**	143
Trade-related fees	**251**	251
Financial guarantee contracts issued	**148**	133
Other	**8**	6
Total fee income	**629**	608

21 NET TRADING INCOME

	2023 B$'000	2022 B$'000
Foreign exchange	**261**	223
Net trading income	**261**	223

22 OTHER OPERATING INCOME

	2023 B$'000	2022 B$'000
Cable and postage charges	**123**	94
Agency fee	**12**	13
Stamp duty	**3**	4
Gain on disposal of plant and equipment	**-**	94
Total	**138**	205

23 PERSONNEL EXPENSES

	2023 B$'000	2022 B$'000
Salaries	**1,916**	1,760
Allowance and bonuses	**834**	664
Contribution to defined contribution plan	**144**	137
Others	**(21)**	46
Total	**2,873**	2,607

24 MANAGEMENT FEES

The Head Office provides necessary management, supervisory, and operational support as well as infrastructure to run and support the Branch's operations. As such a management fee is paid to the Head Office on a proforma basis.

	2023 B$'000	2022 B$'000
Management fees paid to Head Office	**11**	12
Total	**11**	12

25 OTHER OVERHEAD EXPENSES

	2023 B$'000	2022 B$'000
Promotion		
Advertisement and publicity	**59**	31
Operational		
Depreciation	**180**	57
General expenses		
Auditors' fees		
- audit work	**46**	45
Professional fees	**168**	125
IT & data	**313**	246
Telecommunication	**256**	303
Insurance	**84**	67
Repair & upkeep	**46**	112
Interest on lease liabilities	**15**	22
Expenses relating to low-value lease	**1**	2
Depreciation – right-of-use assets	**124**	194
Gain on termination of lease	**-**	(77)
Others	**367**	361
Total	**1,659**	1,488

26 ALLOWANCE FOR IMPAIRMENT/LOAN LOSS PROVISIONS

(a) Allowance for impairment

	2023 B$'000	2022 B$'000
Stage 1 and 2 – Expected Credit Losses	**153**	(35)
Stage 3 – Expected Credit Losses / Specific Allowances for Loans	**(455)**	(2,784)
Bad Debt Written off	**738**	2,853
Bad Debt Recovered	**(266)**	(300)
Interest Accretion	**(100)**	(72)
Total	**70**	(338)

UNITED OVERSEAS BANK LIMITED
(Incorporated in Singapore)
BRUNEI DARUSSALAM BRANCH
(Registered in Brunei Darussalam as a Company incorporated outside Brunei Darussalam)

Notes to the financial statements
For the financial year ended 31 December 2023

26 ALLOWANCE FOR IMPAIRMENT/LOAN LOSS PROVISIONS (continued)

(b) Loans and advances at amortised cost

B$'000	Stage 1	Stage 2	Stage 1 and Stage 2	Stage 3	Total
Balance at 31 December 2022	364	285	649	517	1,166
Movements with profit or loss impact:					
(i) Transferred to Stage 1	40	(53)	(13)	-	(13)
(ii) Transferred to Stage 2					
(a) Stage 1 to Stage 2	(11)	130	119	-	119
(b) Stage 3 to Stage 2	-	-	-	-	-
(iii) Transferred to Stage 3					
(a) Stage 1 to 3	-	-	-	-	-
(b) Stage 2 to 3	-	-	-	-	-
(iv) New/ additional ECL during the period	192	104	296	283	579
(v) Maturity/ settlement/ reduction in ECL during the period	(230)	(57)	(287)	-	(287)
(vi) Exchange fluctuation	-	-	-	-	-
(vii) Bad debts written off	-	-	-	(738)	(738)
(viii) Bad debt recovered	-	-	-	-	-
Unwinding of Discount	-	-	-	-	-
Movements without profit or loss impact:					
Write-offs	-	-	-	-	-
Other movements	3	(1)	2	-	2
Balance at 31 December 2023	358	408	766	62	828

26 ALLOWANCE FOR IMPAIRMENT/LOAN LOSS PROVISIONS (continued)

(c) Commitments and contingencies

B$'000	Stage 1	Stage 2	Stage 1 and stage 2	Stage 3	Total
Balance at 31 December 2022	104	22	126	-	126
Movements with profit or loss impact:					
(i) Transferred to Stage 1	2	(2)	-	-	-
(ii) Transferred to Stage 2					
(a) Stage 1 to Stage 2	(1)	-	(1)	-	(1)
(b) Stage 3 to Stage 2	-	-	-	-	-
(iii) Transferred to Stage 3					
(a) Stage 2 to 3	-	-	-	-	-
(iv) New/ additional ECL during the period	42	44	86	-	86
(v) Maturity/ settlement/ reduction in ECL during the period	(59)	(8)	(67)	-	(67)
(vi) Exchange fluctuation	-	-	-	-	-
Movements without profit or loss impact:					
Write-offs	-	-	-	-	-
Other movements	3	8	11	-	11
Balance at 31 December 2023	91	64	155	-	155

26 ALLOWANCE FOR IMPAIRMENT/LOAN LOSS PROVISIONS (continued)

(d) Government sukuk

B$'000	**Stage 1**	**Stage 2**	**Stage 1 and stage 2**	**Stage 3**	**Total**
Balance at 31 December 2022	9	5	14	-	14
Movements with profit or loss impact:					
(i) Transferred to Stage 1	-	-	-	-	-
(ii) Transferred to Stage 2					
(a) Stage 1 to Stage 2	-	-	-	-	-
(b) Stage 3 to Stage 2	-	-	-	-	-
(iii) Transferred to Stage 3					
(a) Stage 2 to 3	-	-	-	-	-
(iv) New/ additional ECL during the period	-	2	2	-	2
(v) Maturity/ settlement/ reduction in ECL during the period	-	-	-	-	-
(vi) Exchange fluctuation	-	-	-	-	-
Movements without profit or loss impact:					
Write-offs	-	-	-	-	-
Other movements	3	-	3	-	3
Balance at 31 December 2023	12	7	19	-	19

27 INCOME TAX EXPENSE

The tax charge in the profit or loss comprises the following:

	2023 B$'000	2022 B$'000
On profit of the financial year:		
Brunei Darussalam Income tax:		
Current income tax provision	**255**	100
(Over)/Under provision in prior year	**(27)**	26
Total income tax expense	**228**	126

Tax charge on profit for the financial year differs from the theoretical amount computed using Brunei Darussalam corporate income tax rate due to the following factors:

	2023 B$'000	2022 B$'000
Profit before income tax	**5,637**	4,189
Income tax using the domestic corporate income tax rate at 18.5%	**1,043**	775
Statutory threshold exemption	**(28)**	(28)
Expenses subject to further deduction	**(27)**	(27)
Non-taxable income	**(761)**	(607)
Expenses not deductible for income tax	**-**	-
Utilisation of capital allowances and losses	-	-
Exempt income	**(5)**	(5)
Other	**33**	(8)
(Over)/Under provision in prior year	**(27)**	26
Total	**228**	126

28 ACCOUNTING CLASSIFICATIONS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below provides the accounting classification of financial assets and financial liabilities and their respective fair values.

31 December 2023	**Amortised cost B$'000**	**Fair value B$'000**
Cash and Short Term Funds	**832**	832
Balances with Brunei Darussalam Central Bank	**25,901**	25,901
Government Sukuk	**3,981**	3,981
Loans and advances	**92,777**	92,777
Group balances receivable	**236,714**	236,714
Other assets	**3,386**	3,386
Total financial assets	**363,591**	363,591
Deposits from customers	**250,032**	250,032
Deposits from banks and other financial institutions	**2,721**	2,721
Group balances payable	**4,444**	4,444
Other Liabilities	**3,644**	3,644
Total financial liabilities	**260,841**	260,841

28 ACCOUNTING CLASSIFICATIONS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

31 December 2022	Amortised cost B$'000	Fair value B$'000
Cash and Short Term Funds	**971**	971
Balances with Brunei Darussalam Central Bank	**22,656**	22,656
Government Sukuk	**3,986**	3,986
Loans and advances	**100,944**	100,944
Group balances receivable	**236,332**	236,332
Other assets	**3,155**	3,155
Total assets	**368,044**	368,044
Deposits from customers	**253,311**	253,311
Deposits from banks and other financial institutions	**5,538**	5,538
Group balances payable	**4,517**	4,517
Other Liabilities	**2,760**	2,760
Total liabilities	**266,126**	266,126

The valuation process adopted by the Branch is governed by the valuation, market data, and reserve policies. These policies set the methodologies and controls for the valuation of financial assets and liabilities where mark-to-market or mark-to-model is required. The valuation processes incorporating the market rates, the methodologies and models, including the analysis of the valuation are regularly reviewed by Group Risk Management. Processes and controls are also subject to periodic reviews by internal auditors.

The valuation inputs are independently verified by checking against information from market sources. These are applicable to products or instruments with liquid markets or those traded on an exchange. Where market prices are not liquid, additional techniques will be used such as historical estimation or available proxies as additional reasonableness checks. Where products or instruments are complex, the Branch utilises approved valuation models. All valuation models are independently validated by Group Risk Management.

For financial instruments carried at amortised cost, their fair values are determined as follows:

- For cash balances, placements and deposits of Brunei Darussalam Central Bank and banks, deposits of customers with short-term or no stated maturity, as well as interest and other short-term receivables and payables, fair values are expected to approximate the carrying amounts;
- For loans and deposits of customers, non-subordinated debts issued and investment debt securities, fair values are estimated based on independent broker quotes or using the discounted cash flow method; and

The fair values of the financial instruments carried at amortised cost were assessed to be not materially different from their carrying amounts.

29 RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Branch if the Branch has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Branch and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In the normal course of its banking business, the Branch has carried out transactions with related parties, principally the Head Office which is the ultimate controlling party of the Branch and with other branches and related corporations on terms agreed between the parties.

During the year, in addition to the disclosures shown elsewhere in the financial statements, there were the following significant related party transactions undertaken on terms agreed between the parties in the normal course of business:

	Head Office		**Other branches and related entities**	
	31-Dec-2023 B$'000	31-Dec-2022 B$'000	**31-Dec-2023 B$'000**	31-Dec-2022 B$'000
Income				
Interest income	**8,617**	3,280	-	-
Total	**8,617**	3,280	-	-
Expenses				
Management fee	**11**	12	-	-
IT Charges	**265**	197		
Total	**276**	209	-	-

All outstanding balances with these related parties, disclosed in notes 8 and 13, are priced on an arm's length basis and are settled in cash within six months of the reporting date. None of the balances is secured. No impairment losses have been recorded against these balances outstanding during the period, and no specific allowance has been made for impairment losses on these balances at the period end.

Transactions with key management personnel

Remuneration paid to key management personnel includes salary, bonus and other benefits-in-kind.

Key management personnel compensation for the period comprised:

	2023 $'000	**2022 $'000**
Short-term employee benefits	**1,127**	1,024
Post-employment benefits	**46**	51
	1,173	1,075

30 CAPITAL MANAGEMENT

The Branch's approach to capital management is to ensure that the Branch maintains strong capital levels necessary to support its business and growth, to meet regulatory capital requirements at all times and to maintain a good credit rating.

The Branch achieves these objectives through the Head Office Internal Capital Adequacy Assessment Process (ICAAP), whereby the Head Office actively monitors and manages the capital position over a medium term horizon, involving the following:

- Setting capital targets for the Branch taking into account regulatory changes and stakeholder expectations
- Forecasting capital demand for material risks based on the Head Office risk appetite
- Determining the availability and composition of different capital components

Head office committees oversee the Branch's capital planning and assessment process. Any capital management plans, the contingency capital plans, and any capital management actions are submitted to Head Office senior management team and/or board for approval.

Head office is the primary equity capital provider to the Branch, and this is done via Head Office's own retained earnings and capital issuance. The Branch manages its own capital within the context of the ICAAP and Head Office capital management plan as well as any local capital regulations.

The Branch is regulated by the Brunei Darussalam Central Bank which sets and monitors its capital requirements under the Banking Order, 2006. The Branch did not breach the minimum Net Head Office funds of B$30 million and Capital Adequacy ratio requirements issued by the Brunei Darussalam Central Bank.

No changes were made in the objectives, policies, or processes for managing capital during the years ended 31 December 2023 and 2022.

31 SIGNIFICANT RISK ASSOCIATED WITH THE BRANCH'S OPERATIONS

The main financial risks that the Branch is exposed to and how they are being managed are set out below:

(i) Credit risk

Credit risk is the risk of financial loss to the Branch if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Branch's loans and advances to customers and other banks, and investment debt securities. For risk management reporting purposes, the Branch considers and consolidates all elements of credit risk exposure – e.g. individual obligor default risk, country and sector risk.

Credit risk exposures are managed through a robust credit underwriting, structuring and monitoring process.

The process includes review of all non-performing and special mention loans, ensuring credit quality and the timely recognition of asset impairment. In addition, credit review and audit are performed regularly to proactively manage any delinquency, minimise undesirable concentrations, maximise recoveries, and ensure that credit policies and procedures are complied with. Past dues and credit limit excesses are tracked and analysed by business and product lines. Significant trends are reported to the Branch's management and Head Office committees.

The maximum exposure to credit risk is limited to the amounts on the statement of financial performance, without taking into account the fair value of any collateral or master netting agreements.

The table that follows shows the maximum exposure to credit risk for the components of the statement of financial position:

As at 31 December 2023	**Maximum credit exposure B$'000**	**Financial effect/ Collateralised B$'000**	**Unsecured portion of credit exposure B$'000**
Credit exposure for On-Statement of Financial Position financial assets:			
Cash and short term funds	832	-	832
Balances with Brunei Darussalam Central Bank	25,901	-	25,901
Government Sukuk	3,981	-	3,981
Loans and advances	92,777	(66,491)	26,286
Group balances receivable	236,714	-	236,714
Other assets	3,386	-	3,386
Credit exposure for Off-Statement of Financial Position financial assets:			
Letters of credit	631	(631)	-
Guarantees, bonds	14,154	(2,134)	12,020
Other	162	-	162
Total maximum credit exposure	378,538	(69,256)	309,282

31 SIGNIFICANT RISK ASSOCIATED WITH THE BRANCH'S OPERATIONS (continued)

(i) Credit risk (continued)

As at 31 December 2022	Maximum credit exposure B$'000	Financial effect/ Collateralised B$'000	Unsecured portion of credit exposure B$'000
Credit exposure for On-Statement of Financial Position financial assets:			
Cash and short term funds	971	-	971
Balances with Brunei Darussalam Central Bank	22,656	-	22,656
Government Sukuk	3,986	-	3,986
Loans and advances	100,944	(70,996)	29,948
Group balances receivable	236,332	-	236,332
Other assets	3,155	-	3,155
Credit exposure for Off-Statement of Financial Position financial assets:			
Letters of credit	1,538	(1,008)	530
Guarantees, bonds	12,320	(1,704)	10,616
Other	562	-	562
Total maximum credit exposure	382,464	(73,708)	308,756

As a fundamental credit principle, the Branch does not grant credit facilities solely on the basis of the collateral provided. All credit facilities are granted based on the credit standing of the borrower, source of repayment and debt service ability.

Collateral is taken whenever possible to mitigate the credit risk assumed. The value of the collateral is monitored periodically. The main type of collateral taken by the Branch is residential properties. Policies and processes are in place to monitor collateral concentration.

31 SIGNIFICANT RISK ASSOCIATED WITH THE BRANCH'S OPERATIONS (continued)

(i) Credit risk (continued)

The Branch monitors concentrations of credit risk by sector. The Branch's maximum exposure to credit risk before taking into account any collateral held other credit enhancements and netting arrangements, is shown in the table below. The credit risk associated with government sukuk held is linked to the credit risk of the government of Brunei Darussalam.

As at 31 December 2023	Loans and advances to customers B$'000	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000
By industry sector:				
Manufacturing	**4,415**	**4,192**	**223**	**-**
Transportation	**167**	**155**	**12**	**-**
Infrastructure	**7,527**	**3,343**	**4,184**	**-**
Traders	**41,719**	**39,664**	**2,055**	**-**
Professional services	**8,335**	**6,255**	**1,908**	**172**
Constructions and Property Financing	**28,235**	**20,970**	**5,037**	**2,228**
Tourism	**505**	**505**	**-**	**-**
Telecommunication and Information Technology	**1,874**	**1,133**	**741**	**-**
	92,777	**76,217**	**14,160**	**2,400**

As at 31 December 2022	Loans and advances to customers B$'000	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000
By industry sector:				
Manufacturing	4,602	4,458	144	-
Transportation	167	159	8	-
Infrastructure	8,451	8,417	34	-
Traders	41,698	37,576	4,122	-
Professional services	8,317	6,637	1,680	-
Constructions and Property Financing	34,927	29,525	3,452	1,950
Tourism	522	498	24	-
Telecommunication and Information Technology	2,260	2,188	72	-
	100,944	89,458	9,536	1,950

31 SIGNIFICANT RISK ASSOCIATED WITH THE BRANCH'S OPERATIONS (continued)

(i) Credit risk (continued)

Credit exposure analysed by geography

	In Brunei B$'000	Outside Brunei B$'000	Total B$'000
As at 31 December 2023			
Cash and short-term funds	581	251	832
Deposits and placements with financial institutions	-	236,714	236,714
Loans, advances and financing	92,777	-	92,777
Other assets	255	3,131	3,386
Balances with Brunei Darussalam Central Bank and Government Sukuk	29,882	-	29,882
	123,495	240,096	363,591
Commitments and contingencies	67,120	-	67,120

	In Brunei B$'000	Outside Brunei B$'000	Total B$'000
As at 31 December 2022			
Cash and short-term funds	675	296	971
Deposits and placements with financial institutions	-	236,332	236,332
Loans, advances and financing	100,944	-	100,944
Other assets	853	2,302	3,155
Balances with Brunei Darussalam Central Bank and Government Sukuk	26,642	-	26,642
	129,114	238,930	368,044
Commitments and contingencies	71,495	-	71,495

31 SIGNIFICANT RISK ASSOCIATED WITH THE BRANCH'S OPERATIONS (continued)

(i) Credit risk (continued)

Ageing analysis of past due but not impaired and non-performing financial assets is summarized in the table that follows:

31 December 2023	Neither past due nor impaired B$'000	Past due but not Impaired B$'000	Non-performing B$'000	Interest Receivables B$'000	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000	Net total B$'000
Current	84,567	-	1,175	598	(323)	(353)	-	85,664
Within 90 days	-	6,190	-	26	(35)	(55)	-	6,126
Over 90 to 180 days	-	-	-	-	-	-	-	-
Over 180 days	-	-	945	104	-	-	(62)	987
	84,567	6,190	2,120	728	(358)	(408)	(62)	92,777

31 December 2022	Neither past due nor impaired B$'000	Past due but not Impaired B$'000	Non-performing B$'000	Interest Receivables B$'000	Stage 1 B$'000	Stage 2 B$'000	Stage 3 B$'000	Net total B$'000
Current	95,445	-	743	544	(355)	(281)	-	96,096
Within 90 days	-	3,815	-	5	(9)	(4)	-	3,807
Over 90 to 180 days	-	-	-	-	-	-	-	-
Over 180 days	-	-	1,482	76	-	-	(517)	1,041
	95,445	3,815	2,225	625	(364)	(285)	(517)	100,944

31 SIGNIFICANT RISK ASSOCIATED WITH THE BRANCH'S OPERATIONS (continued)

(ii) Market risk

Market Risk is the risk of financial loss where the value of the Branch's assets and liabilities could be adversely affected by changes in market variables such as interest rates and foreign exchange rates. Market Liquidity Risk is the risk of financial loss caused by inability to secure market transactions at the required volume or price levels as a result of market turbulence or lack of trading liquidity.

Foreign exchange risk

Foreign exchange risk is the risk to earnings and economic value of foreign currency assets, liabilities and financial derivatives caused by fluctuations in foreign exchange rates. The Branch's' foreign exchange exposures comprise non-trading foreign exchange exposure principally derived from customer businesses.

Foreign exchange risk is managed through policies and risk limits approved by the Asset and Liability Committee ("ALCO"). The limits are independently monitored by Group Market Risk and Product Control.

A summary of quantitative data about the Branch's net exposure to major foreign currencies is provided below, followed by a sensitivity analysis (assuming all other risk variables remain constant):

	31-Dec-2023 B$'000	31-Dec-2022 B$'000
Net foreign currency exposure:		
Australian Dollar	**15**	6
United States Dollar	**(331)**	(282)
Euro	**88**	39
Singaporean Dollar	**239,834**	238,622
Other currencies	**71**	88
	239,677	238,473

31 SIGNIFICANT RISK ASSOCIATED WITH THE BRANCH'S OPERATIONS (continued)

(ii) Market risk (continued)

A 1% strengthening of the foreign currencies, as indicated above, against the BND as at year end, would have increased (decreased) profit or loss by the amounts shown below. No impact would result on the Branch's equity balance as a result of this change in foreign currency rates. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit/(Loss) **B$'000**
31 December 2022	
1 % Strengthening	(1.49)
31 December 2023	
1 % Strengthening	(1.57)

(iii) Interest rate risk

Interest rate risk is the impact to earnings and economic value of the Branch due to fluctuations in interest rates. Interest rate exposure arises from differences in the maturity and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall interest rate risk management process which is conducted in accordance with the Head Office's policies as approved by the ALCO. The controls in place to manage interest rate risk are applied by the Head Office, on behalf of the Branch.

The Group's interest rate risk sensitivity is measured as changes in economic value of equity (EVE) or net interest income (NII).

The economic value of equity ("EVE") is the present value of assets less present value of liabilities of the branch. NII is the simulated change in the Branch's net interest income. The repricing profile of loans is generally based on the earliest possible repricing dates, taking into account the notice period to be served to the customers. Interest rate flooring effects are taken into consideration. Loan prepayment and time deposit early withdrawal rates are estimated based on past statistics and trends where possible and material. Behavioural assumptions based on historical trends are applied where appropriate. The average repricing maturity of core non-maturity deposits is determined through empirical models taking into account asset duration. Risk-free zero coupon curves are used for EVE discounting. Currencies are aggregated by scenarios. There may be some differences in the assumptions across geographical locations due to variation in local conditions.

At the reporting date, the interest rate profile of the Branch's interest-bearing financial instruments were as follows:

31 SIGNIFICANT RISK ASSOCIATED WITH THE BRANCH'S OPERATIONS (continued)

(iii) Interest rate risk (continued)

	31-Dec-2023	31-Dec-2022
	$'000	$'000
Fixed-rate assets	**236,450**	229,300
Floating-rate assets	**90,757**	99,260
Fixed-rate liabilities	**(224,151)**	(220,486)
	103,056	108,074

Interest rate sensitivity analysis

A change of 100 basis points in interest rates would have increased/(decreased) equity and profit or loss by B$1,030,560 (2022: B$1,080,740)

(iv) Liquidity risk

Liquidity risk is the risk that the Branch is unable to meet its financial obligations as and when they fall due, such as upon maturity of deposits and draw-down of loans.

The Branch manages liquidity risk in accordance with the liquidity framework approved by the Head Office ALCO. This framework comprises policies, controls and limits. These controls and policies include setting of cash flow mismatch limits, monitoring of liquidity early warning indicators, stress test analysis of cash flows in liquidity crisis scenarios and establishment of a comprehensive contingency funding plan. The Branch is also required by the Brunei Darussalam Central Bank to maintain a certain percentage of its liability base in the form of cash and other liquid assets as a buffer against unforeseen liquidity requirements. The objectives are honouring all cash outflow commitments on an on-going basis, satisfying statutory liquidity and reserve requirements, and avoiding raising funds at market premiums or through forced sale of assets

The maturity analysis of the Branch assets and liabilities based on remaining contractual maturities does not reflect the actual behavioral patterns. In particular, the Branch has a significant amount of "core deposits" of non-bank customers which are contractually at call (included in the "Less than 3 months" time band).

In addition to the above, the Branch is also subject to liquidity requirements to support calls under outstanding contingent liabilities and undrawn credit facility commitments as disclosed in Note 18. The total outstanding contractual amounts of these items do not represent future cash requirements since the Branch expects many of these contingent liabilities and commitments (such as direct credit substitutes and undrawn credit facilities) to expire without being called or drawn upon, and many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

31 SIGNIFICANT RISK ASSOCIATED WITH THE BRANCH'S OPERATIONS (continued)

(iv) Liquidity risk (continued)

The following table shows cash flow analysis of the Branch's assets and liabilities by remaining contractual maturities on an undiscounted basis. Actual maturity dates may differ from contractual maturity dates due to behavioral patterns such as prepayment of loans.

As at 31 December 2023	Up to 1 month B$'000	1 -3 months B$'000	3-12 months B$'000	1 to 3 years B$'000	More than 3 years B$'000	No specific maturity B$'000	Total B$'000
Liabilities							
Deposits from customers	54,786	24,083	176,603	-	-	-	255,472
Deposits from banks and other financial institutions	2,721	-	-	-	-	-	2,721
Group balances payable	4.444	-	-	-	-	-	4,444
Other liabilities	383	453	64	-	-	-	900
Lease liabilities	12	21	73	163	12	-	281
Taxation	-	-	255	-	-	-	255
Total Liabilities	62,346	24,557	176,995	163	12	-	264,073

As at 31 December 2022	Up to 1 month B$'000	1 -3 months B$'000	3-12 months B$'000	1 to 3 years B$'000	More than 3 years B$'000	No specific maturity B$'000	Total B$'000
Liabilities							
Deposits from customers	56,970	24,181	173,670	-	-	-	254,821
Deposits from banks and other financial institutions	5,538	-	-	-	-	-	5,538
Group balances payable	4.517	-	-	-	-	-	4,517
Other liabilities	154	20	259	-	269	-	702
Lease liabilities	12	23	106	204	77	-	422
Taxation	-	-	100	-	-	-	100
Total Liabilities	67,191	24,224	174,135	204	346	-	266,100

32 SUBSEQUENT EVENTS AFTER REPORTING DATE

There is no significant event arising after the reporting date.