

Income Statements
Year ended 31 December 2019

	Group		Bank	
	2019 BS'000	2018 BS'000	2019 BS'000	2018 BS'000
Profit from financing, leasing and investments	364,919	354,229	318,120	304,841
Profit paid/payable to depositors	(69,693)	(60,071)	(66,339)	(57,213)
Net profit margin	295,226	294,158	251,781	247,628
Fee and commission income	38,524	34,728	37,897	34,020
Fee and commission expense	(7,358)	(6,221)	(7,358)	(6,221)
Net fee and commission income	31,166	28,507	30,539	27,799
Gain/(loss) from derivative and investments	14,480	(108,961)	14,480	(108,961)
Net foreign exchange (loss)/gain	(21,771)	85,247	(21,771)	85,247
Other operating income	23,809	26,904	49,679	46,477
Total income	342,910	325,855	324,708	298,190
Less:				
Personnel expenses	(74,070)	(65,012)	(66,950)	(57,614)
Other expenses	(61,319)	(65,294)	(58,859)	(59,606)
Total operating expenses	(135,389)	(130,306)	(125,809)	(117,220)
Operating profit before allowances	207,521	195,549	198,899	180,970
Less:				
Allowance for impairment on financing and advances, net	(14,435)	(14,029)	(12,872)	(11,162)
Allowance for impairment on receivables	327	(413)	38	(413)
Allowance for impairment on investments, net	317	(167)	685	(640)
Operating profit	193,730	180,940	186,750	168,755
Share of profit of associate and joint ventures	1,819	4,803	-	-
Profit before zakat and tax	195,549	185,743	186,750	168,755
Less:				
Zakat	(3,112)	(2,927)	(3,112)	(2,927)
Income tax expense	(37,070)	(34,913)	(29,828)	(26,093)
Total zakat and income tax expense	(40,182)	(37,840)	(32,940)	(29,020)
Profit for the year	155,367	147,903	153,810	139,735
Profit for the year attributable to:				
Equity holders of the Bank	155,367	146,328	153,810	139,735
Non-controlling interests	-	1,575	-	-
Profit for the year	155,367	147,903	153,810	139,735
Earnings per share				
Basic earnings per share (dollars)	0.21	0.20		
Diluted earnings per share (dollars)	0.21	0.20		

Statements of Comprehensive Income
Year ended 31 December 2019

	Group		Bank	
	2019 BS'000	2018 BS'000	2019 BS'000	2018 BS'000
Profit for the year	155,367	147,903	153,810	139,735
Other comprehensive income:				
<i>Items that are or may be reclassified to profit or loss</i>				
Fair value reserve:				
- Net change in fair value	11,706	(6,774)	11,750	(6,819)
- reclassified to profit or loss	(925)	(11)	(925)	(11)
Share of other comprehensive income of associate	2,925	1,369	-	-
Tax on other comprehensive income	(2,087)	709	(2,087)	709
Other comprehensive income for the year, net of tax	11,619	(4,707)	8,738	(6,121)
Total comprehensive income for the year	166,986	143,196	162,548	133,614
Attributable to:				
Equity holders of the Bank	166,986	141,621	162,548	133,614
Non-controlling interests	-	1,575	-	-
Total comprehensive income for the year	166,986	143,196	162,548	133,614

Statements of Financial Position
As at 31 December 2019

	Group		Bank	
	2019 BS'000	2018 BS'000	2019 BS'000	2018 BS'000
Assets				
Cash and cash equivalents	3,732,366	2,497,449	3,731,579	2,503,325
Balances with Autoriti Monetari Brunei Darussalam	435,026	445,202	400,380	407,452
Placements with and financing and advances to banks	1,129,582	2,015,303	1,522,236	2,377,589
Government sukuks	9,897	20,414	9,897	20,414
Investments	1,048,863	1,182,348	1,048,863	1,182,348
Derivative financial assets	42,505	27,831	42,505	27,831
Financing and advances	3,997,148	3,682,451	3,290,992	2,974,352
Finance lease receivables	12,615	12,620	12,615	12,620
Investments in subsidiaries	-	-	32,844	27,489
Investment in associate and joint ventures	43,194	38,858	22,358	22,358
Other assets	101,763	41,113	127,122	70,227
Property and equipment	98,023	65,454	83,466	49,394
Investment property	24,038	24,630	24,038	24,630
Deferred tax assets	5,653	7,951	5,100	8,034
Total assets	10,680,673	10,061,624	10,353,995	9,708,063
Liabilities and equity				
Deposits from customers	8,451,495	7,621,133	8,352,247	7,512,448
Deposits from banks and other financial institutions	537,389	551,523	438,411	424,413
Placements from other financial institutions	121,469	498,875	121,469	498,875
Derivative financial liabilities	13,125	14,411	13,125	14,411
Other liabilities	214,620	117,753	200,193	109,245
Zakat	3,253	3,566	3,253	3,566
Provision for taxation	76,125	69,939	62,034	56,188
Total liabilities	9,417,476	8,877,200	9,190,732	8,619,146

Statements of Financial Position (Cont'd)
As at 31 December 2019

	Group		Bank	
	2019 BS'000	2018 BS'000	2019 BS'000	2018 BS'000
Equity				
Share capital	507,325	507,325	507,325	507,325
Statutory reserves fund	555,475	534,433	513,627	493,429
Other reserves	200,397	142,666	142,311	88,163
Total equity attributable to equity holders of the Bank	1,263,197	1,184,424	1,163,263	1,088,917
Non-controlling interests	-	-	-	-
Total equity	1,263,197	1,184,424	1,163,263	1,088,917
Total liabilities and equity	10,680,673	10,061,624	10,353,995	9,708,063

Statement of Changes in Equity
Year ended 31 December 2019

Group	Share capital	Statutory reserve	-----Other reserves-----		Retained profits	Total share-holders' funds	Non-controlling interests	Total equity
	BS'000	BS'000	Fair value reserve	Foreign currency translation reserve	BS'000	BS'000	BS'000	BS'000
At 31 December 2018	507,325	534,433	369	(30)	142,327	1,184,424	-	1,184,424
Profit for the year	-	-	-	-	155,367	155,367	-	155,367
Other comprehensive income	-	-	11,619	-	-	11,619	-	11,619
Total comprehensive income for the year	-	-	11,619	-	155,367	166,986	-	166,986
Transfers to statutory reserve	-	21,042	-	-	(21,042)	-	-	-
Foreign currency movement	-	-	-	(11)	-	(11)	-	(11)
Transactions with owners of the Bank								
Contributions and distributions								
Dividends paid on ordinary shares	-	-	-	-	(88,202)	(88,202)	-	(88,202)
Total contributions and distributions	-	-	-	-	(88,202)	(88,202)	-	(88,202)
At 31 December 2019	507,325	555,475	11,988	(41)	188,450	1,263,197	-	1,263,197

Group	Share capital	Statutory reserve	-----Other reserves-----		Retained profits	Total shareholders' funds	Non-controlling interests	Total equity
	BS'000	BS'000	Fair value reserve	Foreign currency translation reserve	BS'000	BS'000	BS'000	BS'000
At 31 December 2017	507,325	497,499	2,406	(18)	82,195	1,089,407	21,176	1,110,583
Adjustment on initial application of IFRS 9	-	-	2,670	-	(11,183)	(8,513)	-	(8,513)
Restated balance at 1 January 2018	507,325	497,499	5,076	(18)	71,012	1,080,894	21,176	1,102,070
Profit for the year	-	-	-	-	146,328	146,328	1,575	147,903
Other comprehensive income	-	-	(4,707)	-	-	(4,707)	-	(4,707)
Total comprehensive income for the year	-	-	(4,707)	-	146,328	141,621	1,575	143,196
Transfers to statutory reserve	-	36,934	-	-	(36,934)	-	-	-
Foreign currency movement	-	-	-	(12)	-	(12)	-	(12)

Transactions with owners of the Bank

Changes in ownership interest in subsidiaries								
Disposal of interest in subsidiaries	-	-	-	-	(1,298)	(1,298)	(22,751)	(24,049)
Contributions and distributions								
Dividends paid on ordinary shares	-	-	-	-	(36,781)	(36,781)	-	(36,781)
Total contributions and distributions	-	-	-	-	(36,781)	(36,781)	-	(36,781)
At 31 December 2018	507,325	534,433	369	(30)	142,327	1,184,424	-	1,184,424

Bank	Share capital	Statutory reserve	-----Other reserves-----		Retained profits	Total
	BS'000	BS'000	Fair value reserve	Retained profits	BS'000	BS'000
At 31 December 2018	507,325	493,429	(3,119)	91,282		1,088,917
Profit for the year	-	-	-	153,810		153,810
Other comprehensive income	-	-	8,738	-		8,738
Total comprehensive income for the year	-	-	8,738	153,810		162,548

Transactions with owners of the Bank						
Contributions and distributions						
Dividends paid on ordinary shares	-	-	-	(88,202)		(88,202)
Total contributions and distributions	-	-	-	(88,202)		(88,202)
At 31 December 2019	507,325	513,627	5,619	136,692		1,163,263

Bank	Share capital	Statutory reserve	-----Other reserves-----		Retained profits	Total
	BS'000	BS'000	Fair value reserve	Retained profits	BS'000	BS'000
At 31 December 2017	507,325	458,495	377	37,504		1,003,701
Adjustment on initial application of IFRS 9	-	-	2,625	(14,242)		(11,617)
Restated balance at 1 January 2018	507,325	458,495	3,002	23,262		992,084
Profit for the year	-	-	-	139,735		139,735
Other comprehensive income	-	-	(6,121)	-		(6,121)
Total comprehensive income for the year	-	-	(6,121)	139,735		133,614
Transfers to statutory reserve	-	34,934	-	(34,934)		-

Transactions with owners of the Bank						
Contributions and distributions						
Dividends paid on ordinary shares	-	-	-	(36,781)		(36,781)
Total contributions and distributions	-	-	-	(36,781)		(36,781)
At 31 December 2018	507,325	493,429	(3,119)	91,282		1,088,917

Statements of Cash Flows
Year ended 31 December 2019

	Group		Bank	
	2019	2018	2019	2018
	BS\$'000	BS\$'000	BS\$'000	BS\$'000
Cash flows from operating activities				
Profit before zakat and tax	195,549	185,743	186,750	168,755
Adjustments for:				
Dividend income from subsidiaries	-	-	(27,040)	(30,000)
Dividend income from associate	-	-	(409)	-
Allowance for impairment on financing and advances	14,435	14,029	12,872	11,162
Allowance for impairment on receivables	(327)	413	(38)	413
Change in fair value of derivatives and investments	7,290	23,714	7,290	23,714
Depreciation of property and equipment and investment property	19,567	17,754	16,332	13,650
Allowance for impairment of investments, net	(317)	167	(685)	640
Loss on disposal of property and equipment	682	81	-	-
Share of profit of associate and joint ventures	(1,819)	(4,803)	-	-
	235,060	237,098	195,072	188,334
Changes in:				
Deposits from customers	836,407	96,799	845,844	79,734
Deposits from banks and other financial institutions	(14,134)	30,090	13,998	30,305
Other liabilities	57,970	4,856	53,150	9,024
Balances with Autoriti Monetari Brunei Darussalam	10,176	11,731	7,072	12,461
Placements with and financing and advances to banks	878,353	(44,850)	848,353	(232,850)
Government sukuk	10,520	(4,218)	10,520	(4,218)
Investments	144,365	(16,143)	144,365	(16,188)
Placements from other financial institutions	(377,406)	258,159	(377,406)	258,159
Financing and advances	(331,998)	(398,485)	(332,378)	(360,060)
Other assets	(62,959)	(8,620)	(59,183)	(38,549)
	1,386,354	166,417	1,349,407	(73,848)
Zakat paid	(3,425)	(2,192)	(3,425)	(2,192)
Taxes paid	(30,295)	(13,235)	(22,759)	(5,612)
Net cash generated from/(used in) operating activities	1,352,634	150,990	1,323,223	(81,652)
Cash flow from investing activities				
Purchase of property and equipment	(8,160)	(26,116)	(7,092)	(11,348)
Purchase of investment property	(715)	(47)	(715)	(47)
Investment in subsidiary	-	-	(5,644)	(2,963)
Dividend income from subsidiaries	-	-	27,040	30,000
Dividend income from associate	409	-	409	-
Loss of control over subsidiaries	-	(5,663)	-	-
Net cash (used in)/from investing activities	(8,466)	(31,826)	13,998	15,642
Cash flow from financing activities				
Dividends paid	(88,202)	(36,781)	(88,202)	(36,781)
Payment from lease liabilities	(2,249)	-	(1,965)	-
Net cash used in financing activities	(90,451)	(36,781)	(90,167)	(36,781)
Net change in cash and cash equivalents	1,253,717	82,383	1,247,054	(102,791)
Cash and cash equivalents at 1 January	2,497,449	2,419,360	2,503,325	2,610,380
Effect of exchange rate fluctuations on cash and cash equivalents held	(18,800)	(4,294)	(18,800)	(4,264)
Cash and cash equivalents at 31 December	3,732,366	2,497,449	3,731,579	2,503,325

CERTIFICATION:

We, the undersigned, being the Managing Director and the Chief Financial Officer of Bank Islam Brunei Darussalam Berhad certify jointly that:-

(a) The above accounts and statements have been prepared in accordance with International Financial Reporting Standards.

(b) The information contained in these statements has been extracted from the audited financial accounts and statements.

Mubashar Khokhar
Managing Director
Date : 19 March 2020

Tan Pheng Leong
Chief Financial Officer
Date : 19 March 2020

Independent Auditors' Report

To the Members of Bank Islam Brunei Darussalam Berhad and its subsidiaries

Report on the audit of the consolidated financial statements***Opinion***

We have audited the consolidated financial statements of Bank Islam Brunei Darussalam Berhad (the “Bank”) and its subsidiaries (the “Group”), which comprise the statements of financial position of the Group and the Bank as at 31 December 2019, the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Bank for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information as set out on pages FS1 to FS132.

In our opinion, the accompanying consolidated financial statements are properly drawn up in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (the “Act”), Islamic Banking Order, 2008 (the “Order”) and International Financial Reporting Standards (“IFRSs”), so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2019, and the financial performance, changes in equity and cash flows of the Group and of the Bank for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the consolidated 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 and directors are responsible for the other information. The other information comprises Directors’ Report, Statement by Directors and Shariah Advisory Body Report but does not include the consolidated financial statements and our auditors’ report thereon, which we obtained prior to the date of this auditors’ report, and the Vision, Mission and Values, Management Insights, About Us, Corporate Governance, Business Review, Business Support and Corporate Milestones (“the Reports”) which are expected to be made available to us after that date.

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

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

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

Responsibilities of management and directors for the consolidated financial statements

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

In preparing the consolidated financial statements, management and directors are responsible for assessing the Group’s and the Bank’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 and directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group’s and the Bank’s financial reporting process.

Auditors’ responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Bank’s internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and directors.
- Conclude on the appropriateness of management’s and directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group and the Bank audit. We remain solely responsible for our audit opinion.

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

KPMG LLP
Singapore Public Accountants and
Singapore Chartered Accountants

David Jason Waller
Brunei Darussalam Public Accountant

Singapore
19 March 2020