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The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

4.3.24 BORROWINGS AND LEASE LIABILITIES

The line item 'Borrowings and lease liabilities' in the consolidated statement of financial position is further detailed as follows:

Borrowings and lease liabilities (summary)

	31 December 2020	31 December 2019
Borrowings	4,335	4,168
Lease liabilities	51	141
Total Non-current portion of Borrowings and lease liabilities	**4,386**	**4,309**
Borrowings	1,216	580
Lease liabilities	20	32
Total Current portion of Borrowings and lease liabilities	**1,236**	**612**

BORROWINGS

The movement in bank interest bearing borrowings is as follows:

	2020	2019
Non-current portion	4,168	3,856
Add: current portion	580	492
Remaining principal at 1 January	**4,749**	**4,348**
Additions	1,379	1,399
Redemptions	(589)	(1,011)
Transaction and amortized costs	12	13
Total movements	**802**	**401**
Remaining principal at 31 December	**5,551**	**4,749**
Less: Current portion	(1,216)	(580)
Non-current portion	**4,335**	**4,168**
Transaction and amortized costs	69	81
Remaining principal at 31 December (excluding transaction and amortized costs)	**5,621**	**4,830**
Less: Current portion	(1,230)	(596)
Non-current portion	**4,390**	**4,234**

The Company has no 'off-balance sheet' financing through special purpose entities. All long-term debt is included in the consolidated statement of financial position.

The increase in the total borrowings of US$1,379 million relates mainly to drawdowns on project finance facilities for *Liza Destiny* (FPSO), *Liza Unity* (FPSO), and the bridge loan facility for *FPSO Sepetiba*. The latter has been extended to July 12, 2021.

Further disclosures about the fair value measurement are included in note 4.3.29 Financial Instruments – Fair Values and Risk Management.

The borrowings, excluding transaction costs and amortized costs amounting to US$69 million (2019: US$81 million), have the following forecast repayment schedule:

	31 December 2020	31 December 2019
Within one year	1,230	596
Between 1 and 2 years	1,432	941
Between 2 and 5 years	1,454	1,599
More than 5 years	1,504	1,695
Balance at 31 December	**5,621**	**4,830**

The increase of the 'Total Current portion of Borrowings and lease liabilities' balance is mainly explained by the Sepetiba Bridge loan facility for US$600 million.

The borrowings by entity are as follows:

Loans and borrowings per entity

					Net book value at 31 December 2020			Net book value at 31 December 2019		
Entity name	Project name or nature of loan	% Ownership	% Interest[1]	Maturity	Non-current	Current	Total	Non-current	Current	Total
US$ Project Finance facilities drawn:										
SBM Deep Panuke SA	MOPU Deep Panuke	100.00	3.50%	15-Dec-21	-	70	70	70	67	137
Tupi Nordeste Sarl	FPSO Cidade de Paraty	63.13	5.30%	15-Jun-23	195	116	311	311	110	421
Guara Norte Sarl	FPSO Cidade de Ilhabela	75.00	5.10%	15-Oct-24	427	128	555	555	122	677
SBM Baleia Azul Sarl	FPSO Cidade de Anchieta	100.00	5.50%	15-Sep-27	239	35	274	274	33	307
Alfa Lula Alto Sarl	FPSO Cidade de Marica	61.00	5.30%	15-Dec-29	908	108	1,016	1,016	103	1,119
Beta Lula Central Sarl	FPSO Cidade de Saquarema	61.00	4.10%	15-Jun-30	1,018	91	1,109	1,109	86	1,195
Guyana Deep Water UK Limited	FPSO Liza Destiny	100.00	Libor + 1.65%	31-Oct-29	606	62	668	504	60	565
US$ Guaranteed project finance facilities drawn:										
Guyana Deep Water II UK Limited	FPSO Liza Unity[2]	100.00	3.70%	31-dec-21	840	-	840	331	-	331
Bridge loan facility										
Mero 2 Owning B.V.	FPSO Sepetiba	64.50	Libor + 1.44%	12-Jul-21	-	600	600	-	-	-
Revolving credit facility:										
SBM Holding Inc	Corporate Facility	100.00	Variable	16-Dec-21	(2)	(1)	(2)	(2)	(1)	(3)
Other:										
OS Installer Limited	SBM Installer	100.00	3.80%	29-Nov-26	58	7	65	-	-	-
Brazilian Deepwater Production B.V.	FPSO Espirito Santo	51.00	Libor + 1.05%	31-Jan-29	45	-	45			
Other		100.00			1	(0)	1	1	(0)	1
Net book value of loans and borrowings					**4,335**	**1,216**	**5,551**	**4,168**	**580**	**4,749**

1 % interest per annum on the remaining loan balance.

2 The Liza Unity Project finance facility maturity date is December 31, 2021 but can be extended in various ways, and up to the expiry date of the 2 years Charter Term provided that the vessel has been completed.

The Company acquired the remaining 75% equity ownership in OS Installer Limited on September 30, 2020. As a result, OS Installer Limited has been fully consolidated as from the acquisition date including the US$67 million loan borne by this subsidiary.

For the project finance facilities, the respective vessels are mortgaged to the banks or to note holders.

The Company has available borrowing facilities being the (i) undrawn revolving credit facility (RCF), (ii) the undrawn portions of *Liza Unity* (FPSO) project facilities and (iii) short-term credit lines.

Expiry date of the undrawn facilities and unused credit lines

	2020	2019
Expiring within one year	249	249
Expiring beyond one year	1,298	1,964
Total	**1,547**	**2,213**

The drawdowns in 2020 under the Liza Destiny and Liza Unity project finance facility lead to the decrease of available undrawn facilities and unsued credit lines.

The RCF in place as of December 31, 2020 has a maturity date of February 13, 2025, following the exercise of a one-year extension option on February 5, 2020. The US$1 billion facility was secured with a selected group of 11 core relationship banks and has an uncommitted option to increase the RCF by an additional US$500 million. On February 1, 2021, the lenders in the Company's US$1 billion Revolving Credit Facility (RCF) agreed to the Company's request to exercise the second one-year extension. The final maturity date of the RCF is thereby extended from February 12, 2025 to February 13, 2026. The Company does not have any other extension option remaining.

When needed, the RCF allows the Company to finance EPC activities / working capital, bridge any long-term financing needs, and/or finance general corporate purposes, when needed, in the following proportions:

- EPC activities / working capital – 100% of the facility;
- General Corporate Purposes – up to 50% of the facility;
- Refinancing project debt – 100% of the facility but limited to a period of 18 months

The pricing of the RCF is based on LIBOR and a margin adjusted in accordance with the applicable leverage ratio ranging from a minimum level of 0.50% p.a. to a maximum of 1.50% p.a. The margin also includes a Sustainability Adjustment Mechanism whereby the margin may increase or decrease by 0.05% based on the absolute change in the Company performance as measured and reported by Sustainalytics[1]. The Company's performance in 2020 allows the margin to remain stable for 2021.

COVENANTS

The following key financial covenants apply to the RCF as agreed with the respective lenders on February 11, 2020, and unless stated otherwise, relate to the Company's consolidated financial statements:

- **Solvency**: Consolidated IFRS Tangible Net Worth divided by Consolidated IFRS Tangible Assets must be > 25%;
- **Interest Cover Ratio**: Consolidated Directional Underlying EBITDA divided by Consolidated Directional Net Interest Payable must be > 4.0.

The **Lease Backlog Cover Ratio (LBCR)** is used to determine the **maximum funding availability** under the RCF. The maximum funding availability is determined by calculating the net present value of the future contracted net cash after debt service of a defined portfolio of operational offshore units in the directional backlog. The maximum theoretical amount available under the RCF is then determined by dividing this net present value by 1.5. The actual availability under the RCF will be the lower of this amount and the applicable Facility Amount. As at December 31, 2020 additional headroom above the US$1 billion capacity under the RCF exceeded US$0.9 billion. As of 12 February 2021, this will increase to more than US $1.1 billion following the inclusion of *Liza Destiny* (FPSO) in the calculation.

[1] Sustainalytics is a provider of Environmental, Social and Governance and Corporate Governance research and ratings.