



بروني دارالسلام سنترال بڤڤا
BRUNEI DARUSSALAM CENTRAL BANK

2021

ANNUAL REPORT

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah
Ibni Al-Marhum Sultan Haji Omar 'Ali Saifuddien Sa'adul Khairi Waddien
Sultan and Yang Di-Pertuan of Brunei Darussalam

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Chairman's Remarks



Dato Seri Paduka Awang Haji Ahmaddin bin Haji Abdul Rahman
Deputy Minister of Finance and Economy (Fiscal)
As the Chairman of Brunei Darussalam Central Bank

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ
الحمد لله رب العالمين، والصلاة والسلام على أشرف المرسلين، سيدنا محمد وعلى آله وصحبه أجمعين، وبعد

First and foremost, I would like to thank the former Chairman of the Central Bank, His Royal Highness Prince Haji Al-Muhtadee Billah Ibni His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah, The Crown Prince and Senior Minister at The Prime Minister's Office, and former Board of Directors for their insightful counsel and valuable contributions in guiding the Central Bank since its humble beginnings 10 years ago. The Central Bank as it is today is testament to their far-sighted leadership and vision, and dedication to excellence. It is an honour to be entrusted to serve as the Chairman of the Central Bank by His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah Ibni Al-Marhum Sultan Haji Omar 'Ali Saifuddien Sa'adul Khairi Waddien, Sultan and Yang Di-Pertuan of Brunei Darussalam. In Shaa Allah, with the support of the newly appointed Central Bank's Board of Directors, alongside the Executive Management, officers and staff, we will continue to serve our mandates effectively.

Under Brunei Darussalam's ASEAN Chairmanship in 2021, 13 Priority Economic Deliverables (PEDs) were identified; these were driven by 3 strategic thrusts - that is, recovery, digitalisation and sustainability. The theme for Brunei Darussalam's 2021 ASEAN Chairmanship - "We Care, We Prepare, We Prosper" was especially timely with its focus on harnessing the people-centric nature of ASEAN to build a resilient community. Undoubtedly, the Central Bank played an important role in realising the initiatives under ASEAN through assuming the role of Chair for the ASEAN Central Bank Governors' Meeting [ACGM], ASEAN Capital Markets' Forum [ACMF] and ASEAN Taxonomy Board for Sustainable Finance, to name a few.

In 2021, as the world entered its second year of the COVID-19 pandemic, Brunei Darussalam underwent the second wave of infections in August 2021 with rising domestic transmissions, after over a year of no local cases. This has unfortunately affected the economy with the restrictions and mitigation measures put in place to curb the spread of the COVID-19 virus, in addition to the external disruption of supply chain affecting the smooth flow of goods into the country. Alhamdulillah, the Central Bank was able to support the Government of Brunei Darussalam in its efforts to mitigate the impacts to the economy, through the continuation of several interim relief measures implemented together with the Brunei Association of Banks.

The pandemic has accelerated the adoption of digitalisation in many sectors, including the financial services industry where consumers use more digital platforms, such as mobile apps, to conduct their financial activities. As consumers become increasingly tech-savvy and are able to navigate the digital financial landscape more effectively, there will be greater opportunities for financial institutions to further develop digital solutions and products. However, we should also remain vigilant of the increased risks of scams and cyber attacks observed globally with the rise of digitalisation, where transactions can be carried out easily and almost instantaneously. These trends further highlight the need for financial literacy and awareness, with an added focus on digital financial literacy and cyber hygiene. I look forward to seeing the transformations that digitalisation can bring upon our financial industry for the betterment of our financial consumers.

The Central Bank has also continued to work closely with relevant government agencies to achieve the nation's aspirations for Wawasan 2035 in the areas of economy, digital economy and climate change. We continue to ensure the alignment of our strategies to complement and support those set by the government without compromising our core objectives. Some examples of such initiatives implemented and supported by the Central Bank include the Technology Risk Assessment Framework (T-RAF) to address risks associated with technology; the establishment of a Digital Payment Hub to further enhance the digital retail payment landscape; the production of the Residential Property Price Index (RPPI) and Business Sentiment Index (BSI) as macroeconomic indicators to complement existing economic data; and on-going groundwork to establish a sustainable financial sector.

As we reached our 10th year in 2021, the Central Bank has focused on enhancing the effectiveness of our organisation as well as developing our people and enriching the workplace experience. In a volatile, uncertain, complex and ambiguous [VUCA] world, it is imperative that we remain pro-active and well-prepared for the uncertain dynamics in the overall economic landscape and the vulnerabilities that are emerging. In Shaa Allah, the Central Bank will remain resilient and agile in achieving our mission to ensure a well-functioning financial system in Brunei Darussalam and to protect the public's interest.

Finally, I would like to express my sincere appreciation for the hard work and commitment by the Board of Directors, management, and all the officers and staff of the Central Bank in 2021. *With that, it is my pleasure to present the BDCB Annual Report 2021.*

**Dato Seri Paduka Awang Haji Ahmaddin
bin Haji Abdul Rahman**

Deputy Minister of Finance and Economy (Fiscal)
As the Chairman of Brunei Darussalam Central Bank

Managing Director's Foreword



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

The year 2021 has been eventful for the nation including the Central Bank. Brunei Darussalam held the role as ASEAN Chairman with the theme "We Care, We Prepare, We Prosper." in the midst of the COVID-19 pandemic where all meetings were held virtually. BDCB took the helm as Chair to the ASEAN Central Bank Governors' Meeting [ACGM] and ASEAN Capital Markets' Forum [ACMF], amongst others, to coordinate the achievement of relevant ASEAN Economic Community Deliverables.

This year also marked an important milestone as the 10th year anniversary of the establishment of our organisation, and name change from 'Autoriti Monetari Brunei Darussalam [AMBD]' to 'Brunei Darussalam Central Bank [BDCB]'. This evolution signifies our recognition as the country's central bank and continued commitment in ensuring monetary and financial stability in the nation. I would like to thank our former Chairman, His Royal Highness Prince Haji Al-Muhtadee Billah Ibni His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah, The Crown Prince and Senior Minister at The Prime Minister's Office, as well as our former Board Members for their guidance in steering the Central Bank throughout the years to where it is today. In Shaa Allah, under the leadership of our new Chairman and Board of Directors, the Central Bank will continue to fulfil its mandates prescribed under the Brunei Darussalam Central Bank Order, 2010, rooted in our core values of Excellence, Integrity, Innovative, and Teamwork.

Alhamdulillah, under the leadership of His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah Ibni Al-Marhum Sultan Haji Omar 'Ali Saifuddin Sa'adul Khairi Waddien, Sultan and Yang Di-Pertuan of Brunei Darussalam, the Government has been steadfast and relentless in managing the situation through thoughtful strategies and immunisation programmes when Brunei Darussalam was hit with the second wave of COVID-19. In supporting the Government's initiatives in tackling the impact of COVID-19, the Central Bank continued to prioritise the public's interests and extended the temporary regulatory measures including deferment of repayments, and restructuring and conversion of unsecured loans/financings to ease the financial burden of affected businesses, households and individuals. These hard times have been humbling and have taught us the importance of being resilient, whilst also being adaptable in order to seize any opportunities that may arise.

In particular, the pandemic has advanced the provision as well as adoption of financial services through digital platforms as both consumers and businesses recognised digital payments as a safer option during the pandemic. Going digital also meant that, despite the restriction measures in place that limited physical interactions and going out, consumers could still meet their needs through online payments. Retail businesses could continue their operations by moving their trade onto the digital market space, and at the same time, expanding their customer base. Given this trend, the role of the Central Bank in ensuring efficient and smooth-functioning payment and settlement system is crucial.

As such, digital payments doubled in 2021 in comparison to the previous year. This has in part been contributed by the extension of the interim measures introduced since April 2021, whereby banks waived fees and charges for local online interbank fund transfers made to other banks via the Real-Time Gross Settlement (RTGS) system and the Automated Clearing House (ACH) system, while the Central Bank waived transactional fees to the banks. Not only have these technological advancements helped to ensure that crucial financial services continue to be provided, but they also serve as an opportunity for the industry to expand and innovate further in the future.

Although digitalisation may be exciting, it is equally important for consumers and retailers to understand its cybersecurity risks. It is thus timely that the Central Bank, along with other ASEAN central banks, signed the Memorandum of Understanding (MoU) for Sharing of Information during the Activities of Digital and Technology Network in February 2021. The MoU enabled the full operationalisation of the ASEAN Cybersecurity Resilience and Information Sharing Platform (CRISP), which allows the sharing of information to combat cybersecurity threats, as well as the development of collaborative mitigation actions for ASEAN central banks.

I am also pleased to share that the Central Bank has established the Technology Risk Assessment Framework (T-RAF) aimed at strengthening the effectiveness of our supervisory framework for financial institutions' adoption of technology. This is executed through the evaluation of IT controls and providing the relevant recommendations to the respective financial institutions, as there is no one-size-fits-all supervisory approach. The T-RAF is hoped to enable both financial institutions and consumers to operate safely and fully reap the benefits of a digital ecosystem.

In ensuring a well-functioning of the domestic financial system, the Central Bank recognises the importance of an effective liquidity management. To this end, we have formulated the Liquidity Management Framework, which outlines the criteria and available liquidity measures to support the banks, should they require temporary liquidity assistance. It is hoped that such proactive approach would support financial institutions and safeguard the resilience of the financial system during these times of uncertainty, while also protecting the public.

On top of that, I am proud to highlight the Central Bank's continued efforts in supporting financial sector development. Brunei Darussalam was ranked 12th out of 135 countries for Islamic finance development in the Islamic Finance Development Report 2021 published by Refinitiv. The country was recognised for its strong Islamic finance regulations, and opportunities offered for the development of Islamic FinTech. 2021 also saw the inauguration of a conventional financial institution establishing an Islamic window to offer Islamic investment products - a significant milestone in promoting Islamic finance as well as spurring competition among financial institutions in the nation.

In early December 2021, the Central Bank published the inaugural Business Sentiment Index (BSI) for Brunei Darussalam. This is an important barometer for the economy to measure the level of business confidence and sentiments in the private sector. Monthly surveys are conducted on micro, small, medium, and large enterprises from all economic sectors to gauge their business conditions and activities, such as investment and hiring of new employees.

Finally, I would like to extend my sincere appreciation and gratitude to our people - the backbone of BDCB. Alhamdulillah, your resilience and dedication have enabled us to execute our mandates and commitments through these unprecedented times. The smooth and swift transition to working remotely is a testament to our people's agility. I would also like to convey my special thanks to the team from crucial functions who worked onsite during the onset of the second COVID-19 pandemic wave to ensure the nation's payment systems and currency supply continued to be smooth during such trying times.

Despite the unforeseen circumstances that we may have yet to overcome, I am confident that under the leadership of the new Chairman and Board of Directors, as well as the support of our people, In Shaa Allah we will be able to continue delivering our mandates towards supporting a progressive and sustainable economy.

Hajah Rokiah binti Haji Badar

Managing Director
Brunei Darussalam Central Bank

BDCB in Brief

Effective 26 June 2021, the authority was renamed Brunei Darussalam Central Bank (BDCB), marking another milestone in the 10th year of the establishment of the central bank in Brunei Darussalam. The renaming signifies the recognition of its crucial role and responsibility in ensuring monetary and financial stability to support economic development.

A refreshed logo was created in conjunction with the organisation's change in name. The logo illustrates the organisation's evolving role in line with the rapid growth of the financial landscape, while maintaining its mandates and core values of **Excellence, Integrity, Innovative, and Teamwork**.



Brunei Darussalam Central Bank (BDCB) remains committed to its objectives mandated under the BDCB Order, 2010.



The BDCB Logo



2 shades of green and 2 shades of yellow. These 4 shades reflect the 4 mandates of the central bank, and the core values it holds

Green signifies Islam, the official religion for Brunei Darussalam, as well as sustainability of the country's financial sector

Yellow represents integrity and stability of Brunei Darussalam's financial sector

The gradient of colours signifies the increasing and evolving role of a central bank, in line with the rapid growth of the financial landscape

BDCB in Brief

Mission, Vision, Objectives

BDCB is responsible for ensuring a well-functioning financial system in Brunei Darussalam. This is achieved through providing currency notes and coins, issuing regulations and prudential standards, as well as overseeing financial institutions and financial market infrastructure to protect public interest.

Our Mission

To ensure a well-functioning monetary and financial stability system, and promote the development of a sound and progressive financial services sector.

Our Vision

With the blessings of Allah Subhanahu Wa Ta'ala, to be a **dynamic central bank** that supports a progressive and sustainable economy.

Our Objectives



Achieve and maintain domestic price stability

BDCB operates a currency board arrangement enabled by the Currency Interchangeability Agreement (CIA) between Brunei Darussalam and Singapore, where the Brunei dollar is interchangeable with the Singapore dollar at par. Under the currency board arrangement, BDCB ensures all currency in circulation in the economy is fully backed up by foreign exchange reserves.



Ensure the stability of the financial system, in particular by formulating financial regulations and prudential standards

BDCB is designated as the overall supervisor of banks and financial institutions in Brunei Darussalam, which allows BDCB to issue prudential and market conduct regulations to ensure that banks and financial institutions are operating in a sound and safe manner while providing fair service to their respective customers.



Assist in the establishment and functioning of efficient payment systems, and to oversee them

BDCB conducts oversight of the country's payment and settlement systems to ensure that consumers' interests are safeguarded. The national Payment and Settlement System was established by BDCB to provide a digital platform for more efficient and secure interbank payment systems.



Foster and develop a sound and progressive financial services sector

BDCB actively collaborates and engages with the financial sector, as well as public and private stakeholders, both in Brunei Darussalam and abroad, to promote financial sector development and support economic development.

Celebrating 10 Years of Central Banking

2011 - 2021

2011

- Establishment of Brunei Darussalam Central Bank
- Strengthening of the Anti-Terrorism Order, 2011, through amendments and regulations.
- Issuance of new BND1, BND5 and BND10 polymer notes, in conjunction with the 65th Birthday of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam

2012

- Establishment of Credit Bureau
- Introduction of Criminal Asset Recovery Order, 2012, and amendments and regulations pursuant to Anti-Terrorism Order, 2011
- MOU with the State Bank of Vietnam to promote monetary and banking cooperation
- MOU with the Korea Financial Intelligence Unit, Financial Services Commission to facilitate exchange of financial intelligence related to money laundering and terrorist financing

2013

- Brunei Institute of Leadership & Islamic Finance (BILIF), formerly known as Centre For Islamic Banking, Finance And Management (CIBFM) was officially transferred to BDCB as the Centre of Excellence in Human Capital Development for the financial industry
- MOU with Bank Negara Malaysia to promote greater financial integration
- MOU with Securities Commission Malaysia in development of capital markets
- Inaugural Brunei Darussalam Islamic Investment Summit
- Coordinated and represented Brunei Darussalam as the Chair during ASEAN meetings

2014

- Implementation of Real-Time Gross Settlement (RTGS) System
- Acceptance of BDCB's FIU as a member of the Egmont Group of Financial Intelligence Units
- Introduction of the Credit Bureau Self-Inquiry and Dispute Resolution services to the public
- MOU with China Securities Regulatory Commission to facilitate exchange of information
- MOU with Monetary Authority of Singapore to further enhance bilateral cooperation in capital market development and capacity building
- Launch of the Integrated Financial Intelligence System (IFIS)

2015

- Inaugural National Savings Day
- First National Risk Assessment
- 1st National Financial Literacy Survey conducted
- Introduction of the Total Debt Service Ratio
- MOU with Bangladesh Financial Intelligence Unit, Bangladesh Bank (BFIU) for cooperation in the exchange of intelligence relating to money laundering and the financing of terrorism.
- MOU with Department of Electrical Services (DES), Prime Minister's Office, and DST Communication Sdn Bhd (DST).
- MOU with the Capital Markets Board of Turkey (CMBT) to facilitate exchange of information

2016

- Launch of Financial Sector Blueprint (FSBP) 2016-2025
- Implementation of Automated Clearing House (ACH) System
- Establishment of Collateral Registry
- First publication of the Financial Intelligence Unit (FIU) of Brunei Darussalam Annual Report

Celebrating 10 Years of Central Banking

2011 - 2021

2017

- 50th Anniversary of Currency Interchangeability Agreement between Brunei Darussalam and Singapore
- Issuance of BND50 note to commemorate the Golden Jubilee Celebration of His Majesty The Sultan and Yang Di-Pertuan of Brunei Darussalam's Accession to the Throne
- Establishment of National Financial Literacy Council
- Launch of Centralised Statistical System (CSS)
- Establishment of FinTech Regulatory Sandbox
- Brunei Darussalam ranked 9th position in the ICD-Thomson Reuters Islamic Finance Development Indicator (IFDI) Report 2017
- Implementation of Central Securities Depository (CSD)
- Launch of Islamic Finance Showcase and Brunei Darussalam Islamic Finance (BDIF) website and mobile application
- MOU with Capital Market Authority, Sultanate of Oman to enhance bilateral relations.
- MOU with The Office of Insurance Commission of Thailand

2018

- Ranked first in Getting Credit indicator in World Bank's Doing Business Report
- Publication of Residential Property Price Index (RPPi)
- Introduction of Overnight Reference Rate (ORR)
- Introduction of Overnight Standing Facilities (OSF)
- Issuance of Sukuk Ijarah Mausufah Fi Zimmah
- Brunei Darussalam maintained 9th position in the ICD-Refinitiv IFDI Report 2018
- FinTech Cooperation Agreement with the Monetary Authority of Singapore
- Launch of the Bureau Credit Score

2019

- Full implementation of Basel II Framework
- Launch of Digital Payment Roadmap for Brunei Darussalam 2019-2025
- Provision of Syariah Parameters
- Publication of inaugural Financial Stability Report
- Brunei Darussalam ranked 10th position in the ICD-Refinitiv IFDI Report 2019

2020

- Launch of Islamic Bills (I-Bills) Programme
- Introduction of interim measures for the banking sector (COVID-19)
- Publication of FinTech White Paper
- Awarded Best Egmont Case Award
- Brunei Darussalam ranked 11th position in the ICD-Refinitiv IFDI Report 2020
- MOU with Bangko Sentral Ng Pilipinas
- Enhanced MOU with Monetary Authority of Singapore

2021

- Brunei Darussalam ranked 12th position in the Refinitiv IFDI Report 2021
- BDCB 10th Year Anniversary
- Publication and Launch of BDCB Strategic Plan 2021-2025
- Publication of inaugural Business Sentiment Index (BSI)
- BDCB appointed as Chairman of ASEAN Taxonomy Board
- Coordinated and represented Brunei Darussalam as the Chair during ASEAN meetings
- MOU on Cyber Resilience Information Sharing Platform (CRISP) and Digital Technology Network (DTN), with ASEAN central banks
- MOU on Cooperation in the Implementation of AML/CFT Programs and Activities with Bank Indonesia
- MOU between AMBD and Otoritas Jasa Keuangan to facilitate exchange of information

BDCB in Brief

Board of Directors

Chairman

Duli Yang Teramat Mulia

Paduka Seri Pengiran Muda Mahkota Pengiran Muda Haji Al-Muhtadee Billah ibni Kebawah Duli Yang Maha Mulia Paduka Seri Baginda Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah
The Crown Prince and Senior Minister at the Prime Minister's Office
(1 January 2011 - 25 June 2021)

Yang Mulia

Dato Seri Paduka Awang Haji Ahmaddin bin Haji Abdul Rahman
Deputy Minister of Finance and Economy (Fiscal)
(Effective 26 June 2021)

Members

Yang Mulia

Dato Seri Setia Dr. Awang Haji Japar bin Haji Mat Dain @ Maidin
Deputy State Mufti
State Mufti's Office
(Effective 1 January 2020)

Yang Berhormat

Pehin Orang Kaya Seri Kerna Dato Seri Setia (Dr.) Haji Awang Abu Bakar bin Haji Apong
Minister of Home Affairs
As Deputy Chairman
(30 January 2018 - 25 June 2021)

Yang Mulia

Pg Hajah Siti Nirmala binti Pg Haji Mohammad
Permanent Secretary (Vision, Finance and Cabinet)
Prime Minister's Office
(Effective 26 June 2021)

Yang Berhormat

Dato Seri Setia Haji Awang Abdul Mokti bin Haji Mohd Daud
Minister at the Prime Minister's Office
(30 January 2018 - 25 June 2021)

Yang Mulia

Dr. Dayang Hajah May Fa'ezah binti Haji Ahmad Ariffin
Permanent Secretary (Economy)
Ministry of Finance and Economy
(Effective 21 August 2019)

Yang Berhormat

Dato Seri Setia Dr. Awang Haji Mohd Amin Liew bin Abdullah
Minister at the Prime Minister's Office and Minister of Finance and Economy II
(30 January 2018 - 25 June 2021)

Yang Mulia

Pg Hajah Zety Sufina binti Pg Dato Paduka Haji Sani
Permanent Secretary (Industry)
Ministry of Finance and Economy
(Effective 26 June 2021)

Yang Mulia

Dr. Haji Azman bin Ahmad
Permanent Secretary (Higher Education)
Ministry of Education
(1 January 2020 - 25 June 2021)

Yang Mulia

Dayang Hajah Zuraini binti Haji Sharbawi
Solicitor General
Attorney General's Chambers
(Effective 10 August 2018)

Yang Mulia

Dayang Hajah Rokiah binti Haji Badar
Managing Director
Brunei Darussalam Central Bank
(Effective 5 October 2019)

BDCB in Brief

Executive Management



Yang Mulia
Dayang Hajah Rokiah binti Haji Badar
Managing Director



Yang Mulia
Dayang Hajah Rashidah binti Haji Sabtu
Deputy Managing Director
(Regulatory and Supervision)



Yang Mulia
Dayang Hajah Noorrafidah binti Sulaiman
Deputy Managing Director
(Monetary Operations/Development and International)



Yang Mulia
Dayang Hajah Sufinah binti Haji Sahat
Assistant Managing Director
Corporate Development



Yang Mulia
Awang Mardini bin Haji Eddie
Assistant Managing Director
Monetary Operations
(Monetary Operations/Development and International)



Yang Mulia
Dayang Hajah Mahani binti Haji Mohsin
Acting Assistant Managing Director
(Regulatory and Supervision)
Executive Director (International)

BDCB in Brief

Governance

Financial and Monetary Stability Committee (FMSC)

The FMSC monitors the risks present in the global and domestic financial and economic environments. It also provides policy recommendations to the Board of Directors; maintains the Currency Board Agreement according to the Currency Order, 2004 as amended by the Currency and Monetary [Amendment] Order, 2010 for monetary stability of Brunei Darussalam; as well as promotes the understanding of the Currency Board Arrangement in Brunei Darussalam. The members of FMSC for 1 January 2020 to 31 December 2022 are:

Yang Mulia Dayang Hajah Rokiah binti Haji Badar

as Chairman of FMSC
Managing Director
Brunei Darussalam Central Bank

Yang Mulia Dayang Hajah Chairani binti Haji Sulaiman

Accountant General
Treasury Department
Ministry of Finance and Economy

Yang Mulia Dayang Hajah Mariah binti Haji Yahya

Director General
Department of Economic Planning and Statistics
Ministry of Finance and Economy
(Until November 2021)

Yang Mulia Dayang Hajah Latifah binti Haji Mahmud

Acting Director General
Department of Economic Planning and Statistics
Ministry of Finance and Economy
(From December 2021)

Yang Mulia Dayang Hajah Rashidah binti Haji Sabtu

Deputy Managing Director (Regulatory and Supervision)
Brunei Darussalam Central Bank

Yang Mulia Dayang Hajah Noorrafidah binti Sulaiman

Deputy Managing Director (Monetary Operations/Development and International)
Brunei Darussalam Central Bank

Yang Mulia Awang Mozart bin Haji Brahim

Deputy Chief Executive Officer
Bursa Brunei Darussalam Sdn Bhd

Yang Mulia Awang Mardini bin Haji Eddie

Assistant Managing Director (Monetary Operations)
Brunei Darussalam Central Bank

Yang Mulia Dr. Dayang Irene Yap Tsue Ing

Executive Director (Economics, Research and Statistics)
Brunei Darussalam Central Bank

BDCB in Brief

Governance

Investment Advisory Committee (IAC)

The IAC is responsible for advising the Board of Directors on investment selection and other related matters including providing advice on investment policies; appointment of external fund managers; and assisting in the evaluation of performance of these managers. The IAC is also responsible for reviewing and evaluating investment proposals by the Executive Management; and reviewing any other related matters directed by the Board of Directors from time to time. The members of the IAC as of 31 December 2021 are:

Yang Mulia Awang Haji Khairuddin bin Haji Abdul Hamid

as Chairman of IAC
Permanent Secretary (Investment)
Ministry of Finance and Economy
[Effective 11 February 2016]

Yang Mulia Dayang Hajah Rokiah binti Haji Badar

as Deputy Chairman of IAC
Managing Director
Brunei Darussalam Central Bank
[Effective 5 October 2019]

Yang Mulia Awang Haji Sofian bin Mohammad Jani

Acting Managing Director
Brunei Investment Agency
[Effective 14 July 2018]

Yang Mulia Dayang Hajah Noorrafidah binti Sulaiman

Deputy Managing Director (Monetary Operations/Development and International)
Brunei Darussalam Central Bank
[Effective 1 January 2020]

**Yang Mulia Awang Haji Mokhzani Izhar bin
Pehin Orang Kaya Seri Kerna Dato Seri Setia Dr Haji Abu Bakar**

Senior Manager
Brunei Investment Agency
[Effective 1 January 2020]

BDCB in Brief

Governance

Human Resource Committee (HRC)

The HRC is responsible for reviewing, amending and approving the BDCB Employee Services Terms and Conditions, BDCB human resources policies, rewards and recognition policies; endorsing recommendations for State Decorations and Honorary State Medal recipients; as well as approving and/or endorsing the appointment of senior officers, as directed by the Board of Directors. The members of HRC as of 31 December 2021 are:

Yang Mulia Dr. Awang Haji Azman bin Ahmad

as Chairman of HRC
Permanent Secretary (Higher Education)
Ministry of Education
(Effective 1 January 2020)

Yang Mulia Dayang Hajah Rokiah binti Haji Badar

Managing Director
Brunei Darussalam Central Bank
(Effective 1 January 2020)

Yang Mulia Awang Ajman bin Haji Meludin

Deputy Permanent Secretary (Vision, Finance and Cabinet)
Prime Minister's Office
(Effective 1 January 2020)

Yang Mulia Awang Shamsul Baharin bin Abdul Rahman

Senior Manager
Human Resource
DST Communications Sdn Bhd
(Effective 1 January 2020)

BDCB in Brief

Governance

Audit Committee (AC)

The AC, as stipulated under Section 21(4), Brunei Darussalam Central Bank Order, 2010, is responsible for the oversight of the Internal Audit function; reviews and recommends the appointment of external auditors, scope of external audits and other interrelated services; provides the opportunity for the auditors to meet and discuss findings and recommendations; and reviews the end of year financial statements with the external auditors. The members of the AC as of 31 December 2021 are:

Yang Mulia Dayang Hajah Zuraini binti Haji Sharbawi

as Chairman of AC
Solicitor General at Attorney General's Chambers
Prime Minister's Office
(Effective 1 January 2020)

Yang Mulia Awang Haji Hairul Mohd Daud bin Haji Abd Karim

Deputy Permanent Secretary (Information)
Ministry of Transport and Infocommunications
(Effective 1 January 2020)

Yang Mulia Dayang Hajah Chairani binti Haji Sulaiman

Accountant General
Treasury Department
Ministry of Finance and Economy
(Effective 1 January 2020)

**Yang Mulia Awang Haji Asrul Adrain bin
Pehin Orang Kaya Setia Pahlawan Dato Seri Setia Dr. Haji Ahmad**

Deputy Accountant General, Treasury Department
Ministry of Finance and Economy
(Effective 1 January 2020)

Yang Mulia Dayang Mazriyani binti Haji Abdul Ghani

Director, E-Government National Centre
Ministry of Transport and Infocommunications
(Effective 1 January 2020)

Yang Mulia Dayang Rosminah binti Haji Awang Besar

Manager (Head of Business & Operations Compliance Section)
Brunei Investment Agency
(Effective 1 January 2020)

Yang Mulia Awang Muhammad Yusri bin Dato Abdul Majid

as Observer
Head of Risk Management
Brunei Darussalam Central Bank
(Effective 1 January 2020)

BDCB in Brief

Governance

Risk Management Committee (RMC)

The RMC is responsible for reporting and advising the Board of Directors on overall risk tolerance, risk management framework (principles, policies, systems, processes, and procedures); and provides oversight of the development of the overall risk management frameworks. The members of the RMC as of 31 December 2021 are:

Yang Mulia Awang Haji Maswadi bin Haji Mohsin

as Chairman of RMC
Permanent Secretary
Ministry of Health

Yang Mulia Dayang Hajah Rokiah binti Haji Badar

Managing Director
Brunei Darussalam Central Bank

Yang Mulia Awang Haji Hairul Mohd. Daud bin Haji Abd. Karim

Deputy Permanent Secretary (Infocommunications)
Ministry of Transport and Infocommunications

Yang Mulia Dayang Hajah Latifah binti Haji Mahmud

Acting Director General
Department of Economic Planning and Statistics
Ministry of Finance and Economy

Yang Mulia Dayang Mazriyani Binti Haji Abd Ghani

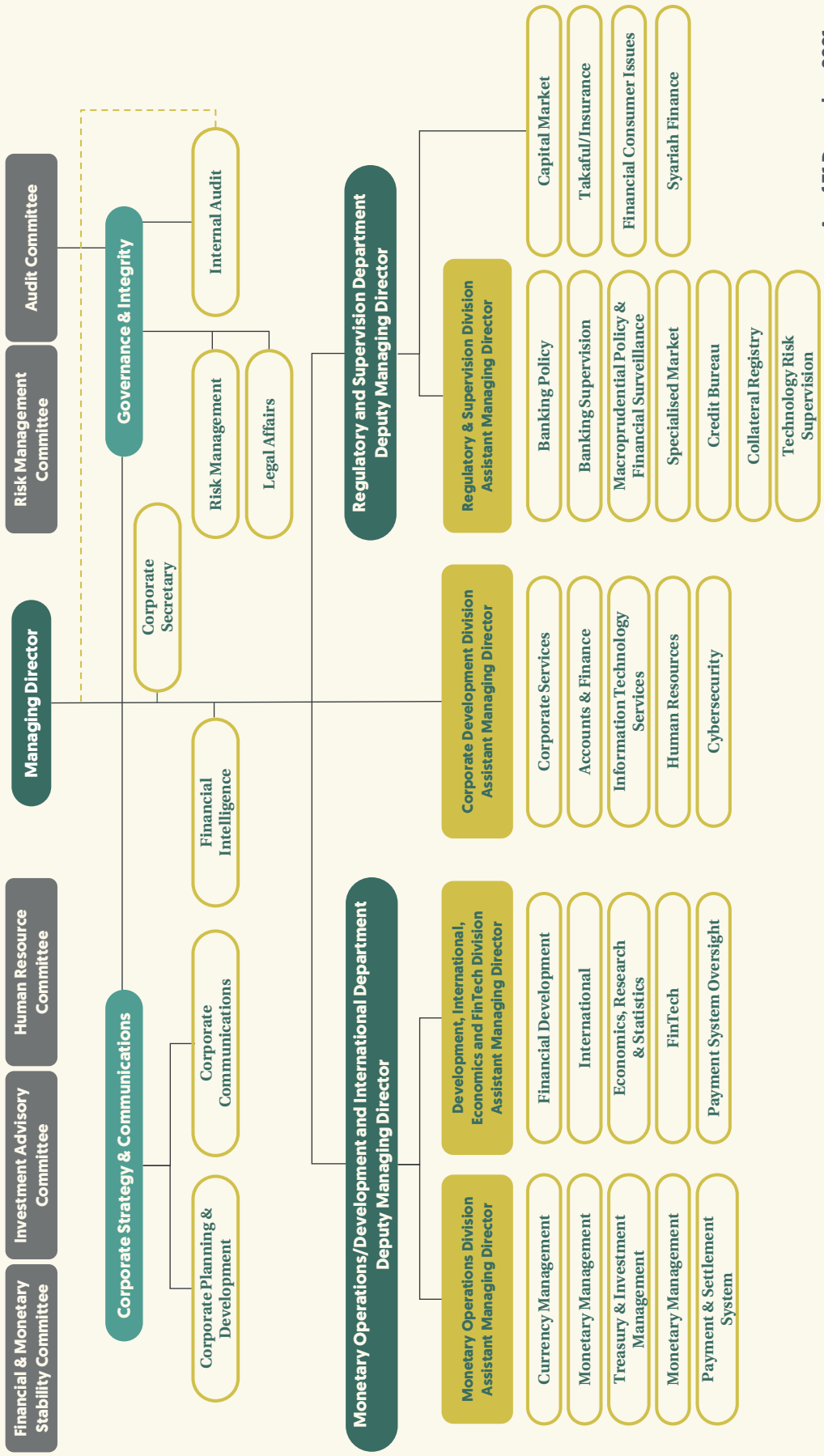
Director
E-Government National Centre (EGNC)
Prime Minister's Office

Yang Mulia Dayang Rosminah binti Haji Awang Besar

Manager (Head of Business & Operations Compliance Section)
Brunei Investment Agency

BDCB in Brief

Organisational Structure



As of 31 December 2021

BDCB in Brief

People

Executive Management

6 

1 Managing Director
2 Deputy Managing Directors
2 Assistant Managing Directors
1 Acting Assistant Managing Director

Management

22 


13 Executive Directors
9 Assistant Executive Directors

Officers & Staff

201 

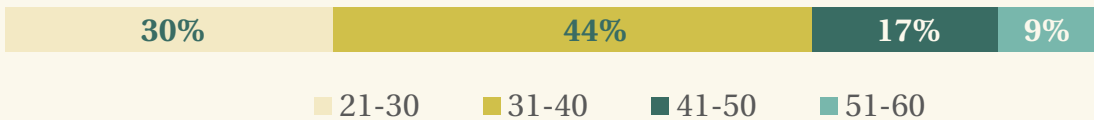
118 Officers
83 Staff

Consultants & Experts

6 

6 Consultants & Experts

Age Breakdown



Gender Breakdown



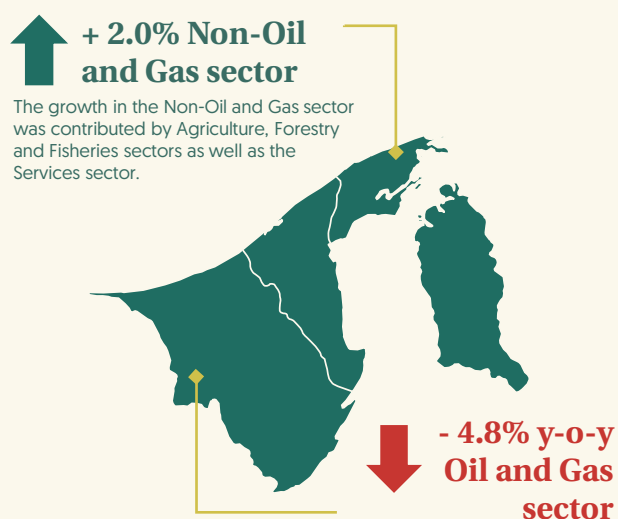
The Year in Review

Economic Review

The global economic recovery continued but remained uneven across countries, depending on their abilities to mitigate the impact of COVID-19 and vaccination progress, as well as the provision of adequate stimulus. Looking ahead, significant downside risks remain, including the spread of COVID-19, threat of new variants such as Delta, Omicron, and uneven access to vaccines. On the other hand, global inflation has risen rapidly in 2021 as cost pressures resulting from pandemic-induced supply chain disruptions, combined with high consumer demand. While many central banks continued to maintain their accommodative policy stances on the account of still-fragile economic recoveries, some have already moved to tighten monetary policy to counter mounting inflation pressures, and as a way to curb rising debt levels and address financial imbalances.

Overall, in 2021, the domestic economy posted negative GDP growth of 1.6% in constant prices. This was largely driven by 4.8% contraction in the Oil and Gas sector following decreases in the activities of Oil and Gas mining and Manufacture of Liquefied Natural Gas (LNG).

Meanwhile, the Non-Oil and Gas sector expanded by 2.0%, mainly contributed by the growth in the Agriculture, Forestry and Fishery sector by 16.9% as well as the Services sector by 2.4%. The sharpest gains in the Agriculture, Forestry and Fishery sector were seen in the production of Fishery and Livestock and Poultry, while the Services sector was mainly supported by Hotels, Land transport and Business services.



The decline in the sector was due to a fall in Oil and Gas Mining activities as well as Manufacture of LNG.

For 2021 as a whole, the consumer price index (CPI) rose by 1.7% compared to 2020. The increase was mainly driven by higher prices of motor vehicles, passenger transport by air, clothing materials as well as food items such as meat, oil and fats, and fresh vegetables. While global inflation has been rising on the back of rebounding overall demand, its pass-through into domestic inflation is expected to be dampened given the Brunei dollar's peg to the Singapore dollar and the appreciation of the Singapore dollar nominal effective exchange rate [S\$NEER].

Net exports in 2021 plunged by 36.6% y-o-y as the 29.5% y-o-y rise in imports far outpaced the 8.8% y-o-y increase in exports. Exports rose on the back of higher oil and gas exports as global prices for commodities recovered, as well as an increase in the exports of petrochemicals. Meanwhile, the rise in imports was largely attributed to a surge in imports of mineral fuels, likely to support oil refining activities linked to the Foreign Direct Investment (FDI) projects in the country.

Real GDP for 2021



BND19,004.9 million



**- 36.6%
Net exports**
[2020: 36.9% y-o-y]



**+ 29.5%
Imports**
[2020: 2.1% y-o-y]



**+ 8.8%
Exports**
[2020: 7.5% y-o-y]

Chart 1: Real GDP by Sector (BND Billion)

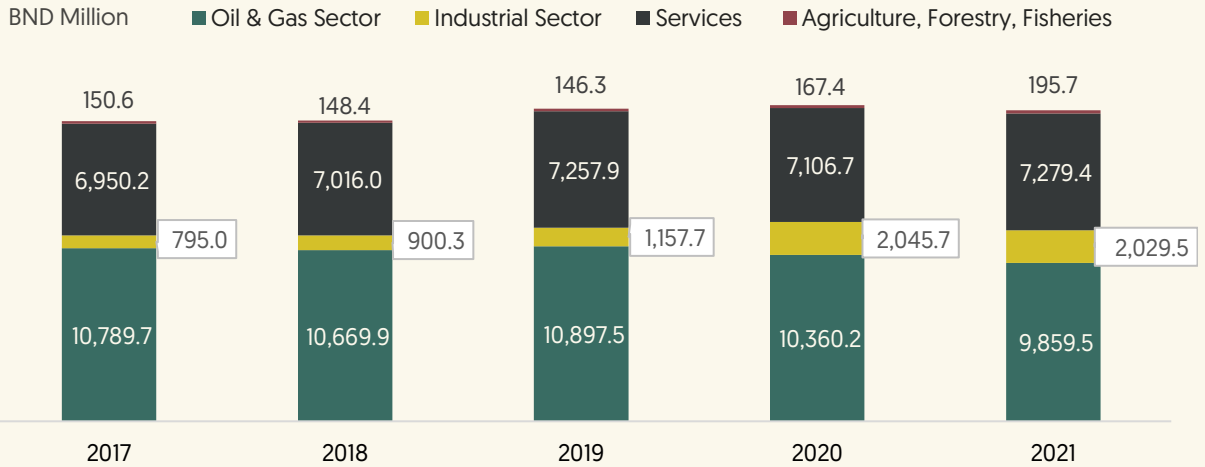


Chart 2: GDP Growth Rate (% Year-on-Year)

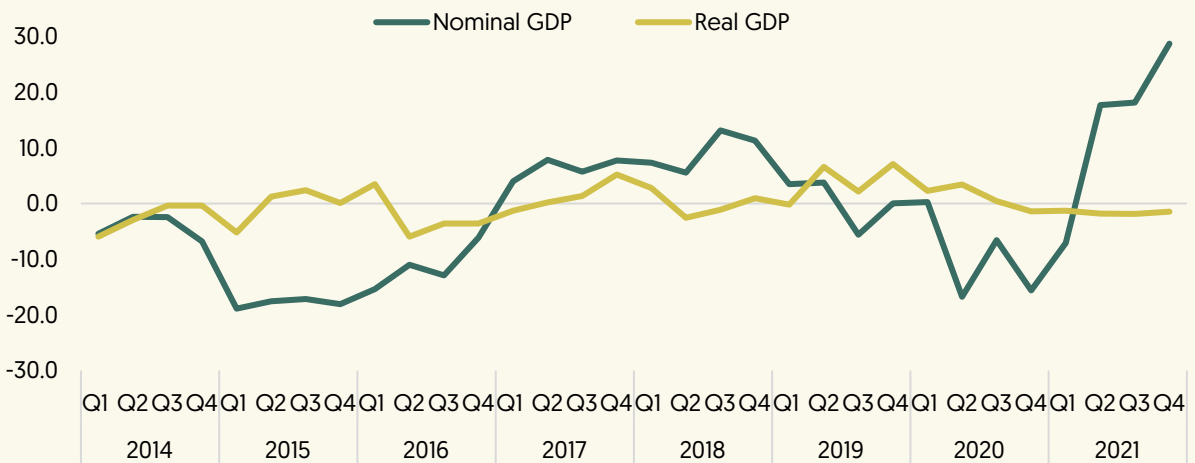
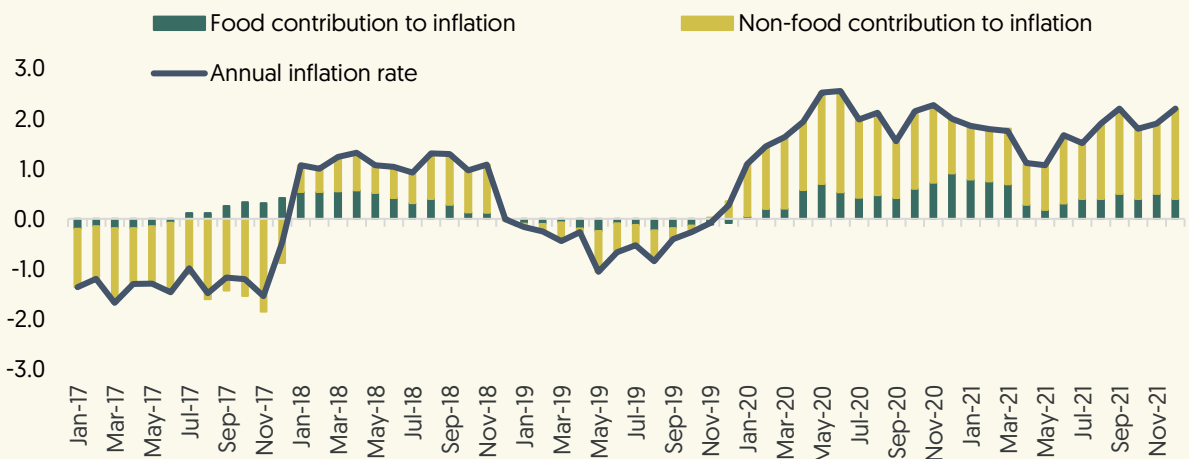


Chart 3: Inflation Rate (% Year-on-Year)



Business Sentiment Index

In December 2021, BDCB published its inaugural Business Sentiment Index (BSI). The BSI project, which commenced in August 2020, is designed to measure the level of sentiment/confidence of businesses in Brunei Darussalam, through surveys asking general questions on current and future business conditions, investments, employment of workers, as well as costs of running the businesses. The index's forward-looking approach makes it a useful leading macroeconomic indicator. Full details on the sectoral performance of the 11 economic sectors and by business size [micro, small, medium and large] can be viewed on the BDCB website.

The Current Business Conditions sub-index [which is the headline index for BSI] was on or above the threshold of 50 for most of 2021. However, the index recorded a setback in business sentiment following the start of the second wave of COVID-19 infections in early August 2021, which led to the imposition of restrictions and closure of some businesses. Nonetheless, the relaxation of restrictions starting from 19 November 2021 provided some optimism for businesses towards the end of the year.

Real GDP by Sector

Above
50

Expansion/ Optimism compared to the previous month

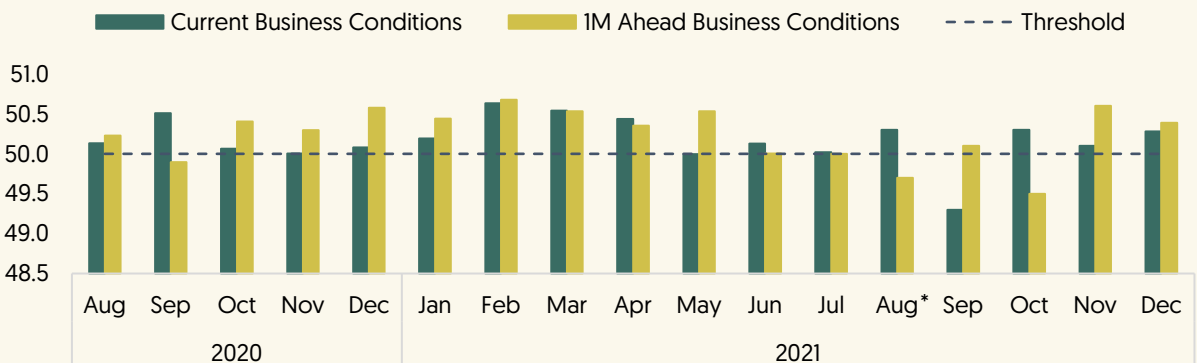
50

Similar/ No change compared to the previous month

Below
50

Contraction/ Less optimism compared to the previous month

Chart 4: Business Conditions



*Second wave of COVID-19 started midway through the BSI survey period

Residential Property Market

The Residential Property Price Index (RPPI) measures the rate at which the prices of private residential properties purchased by households are changing over time. RPPI is a useful indicator to assess the state of the real estate market, which may serve as one of the macroeconomic indicators of economic growth. RPPI can also be a financial stability/soundness indicator to measure risk exposure. It serves as an input into individual decisions to buy (sell) private residential property and in general, RPPI can be used in measures of homeownership affordability.

The Residential Property Price Index (RPPI) continued to increase by



7.6%
y-o-y in 2021

which marked the third consecutive quarter of increase.

Chart 5: RPPI (Q1 2015 = 100)

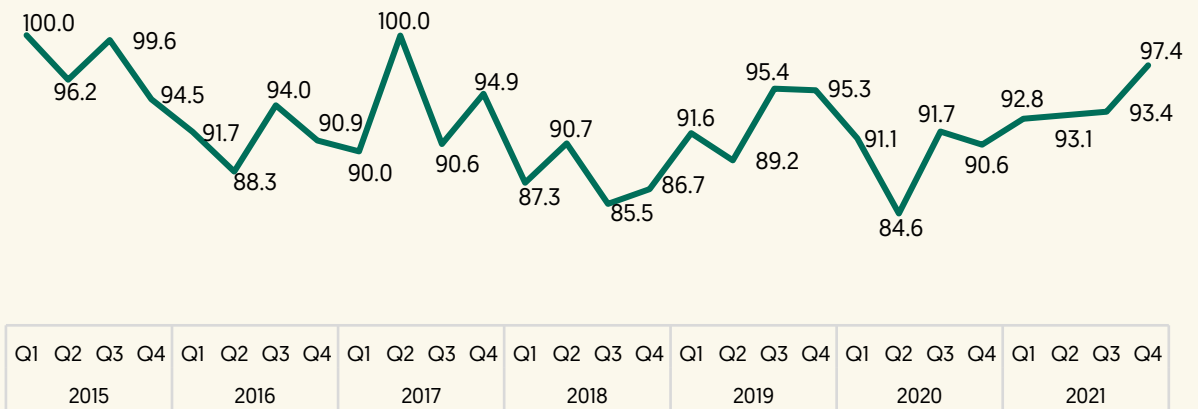


Chart 6: RPPI (% Year-on-Year)

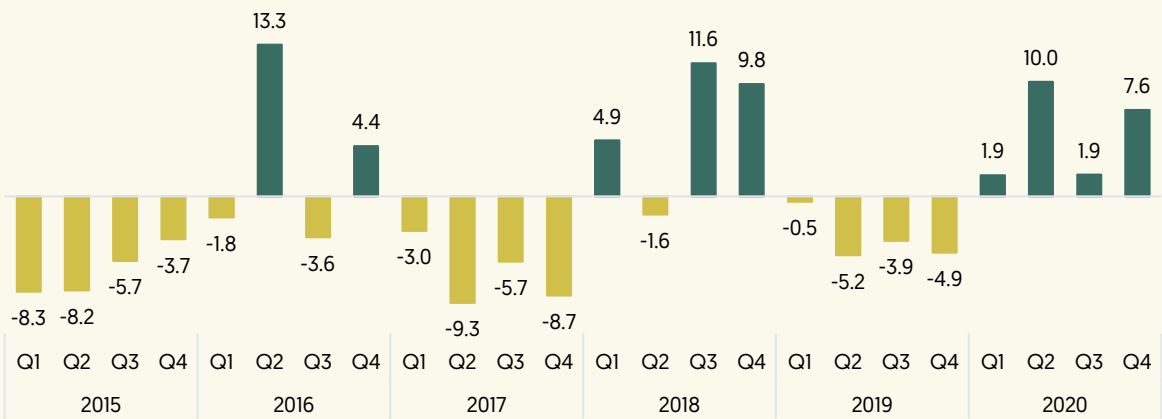
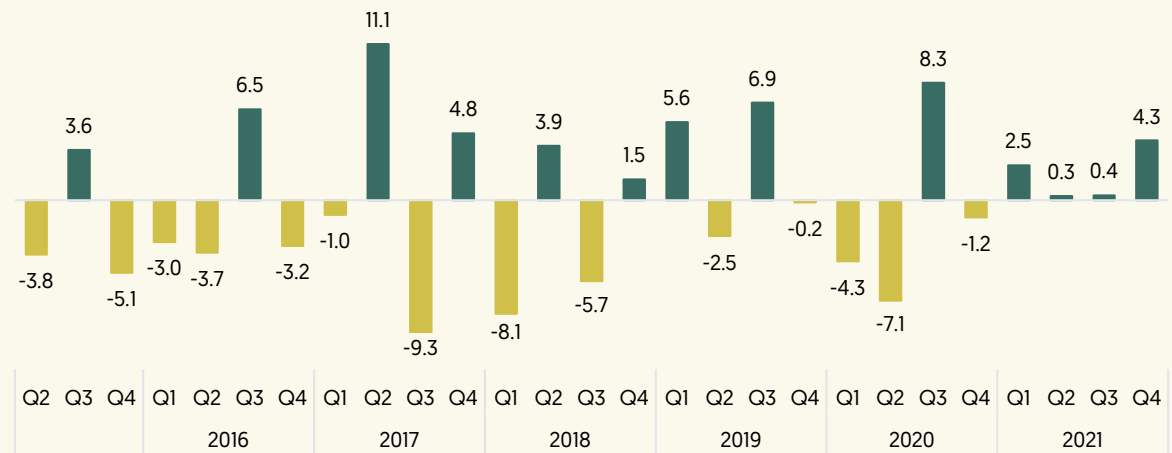


Chart 7: RPPI (% Quarter-on-Quarter)



The Year in Review

Monetary Sector Statistics

Chart 8: Monetary Aggregates (BND Million)

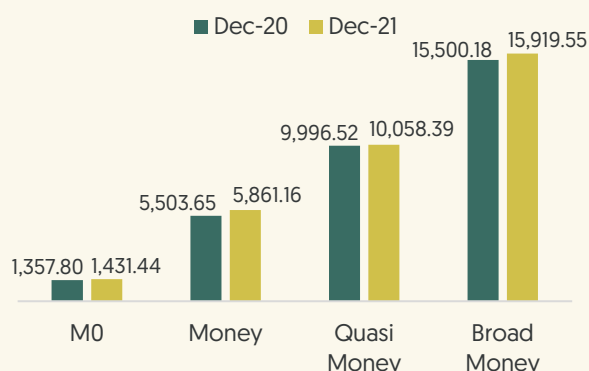
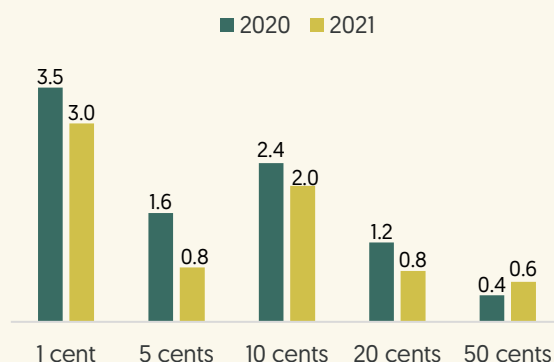


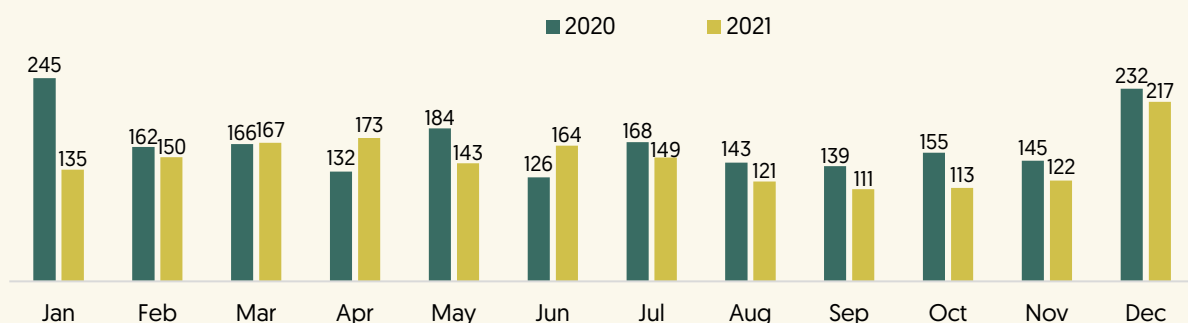
Chart 9: Coins Minted by Denomination in Pieces (Million)



Currency Issuance

The total currency issued in 2021 was BND1,763.21 million, a decrease by 11.80% compared to 2020 at BND1,999.17 million, inclusive of new notes and processed notes. As the COVID-19 restrictions remained in place, money outflows overseas were still lower than pre-COVID-19 outflows and domestic spending could be seen to expand.

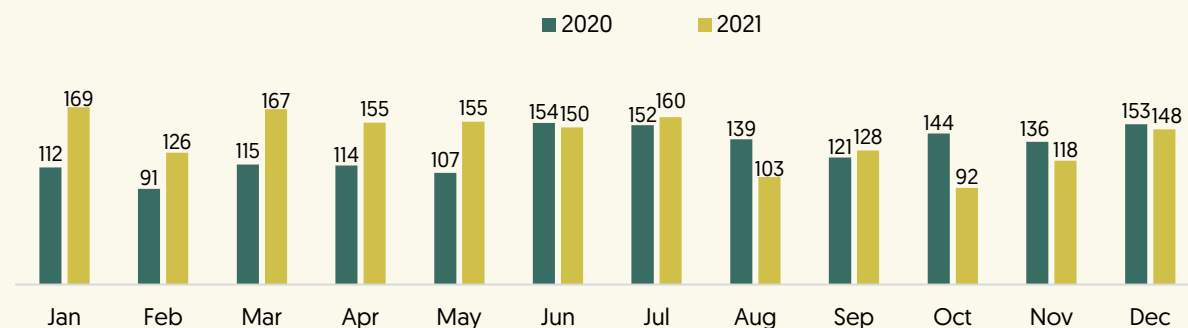
Chart 10: Total Issued Notes (New and Used) To Banks (BND Million)



Currency Redemption

The total amount for currency redeemed (exchanges and mutilated) from banks and public was BND1,671.50 million in 2021, an increase by 7.99% compared to 2020 at BND1,537.80 million.

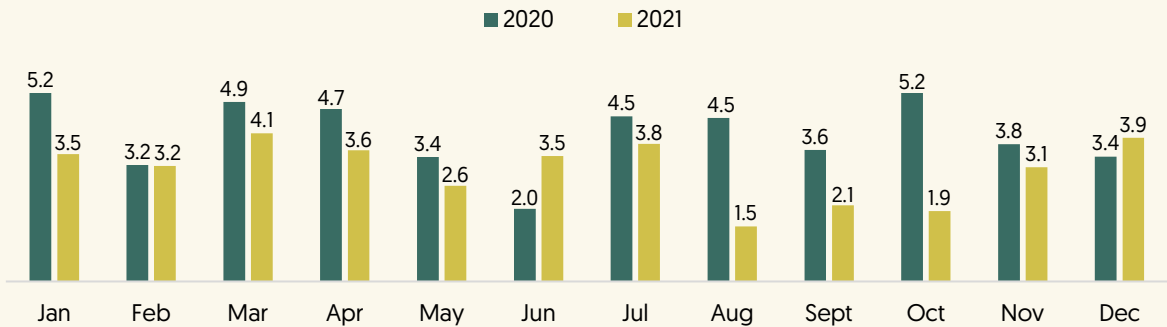
Chart 11: Total Redemption Notes from Banks (BND Million)



Currency Processing

Total notes processed for 2021 were 36,839,000 pieces compared to 48,488,000 pieces in 2020 due to a split-team working arrangement under BDCB's Business Continuity Plan (BCP), following the outbreak of second wave of COVID-19 in Brunei Darussalam.

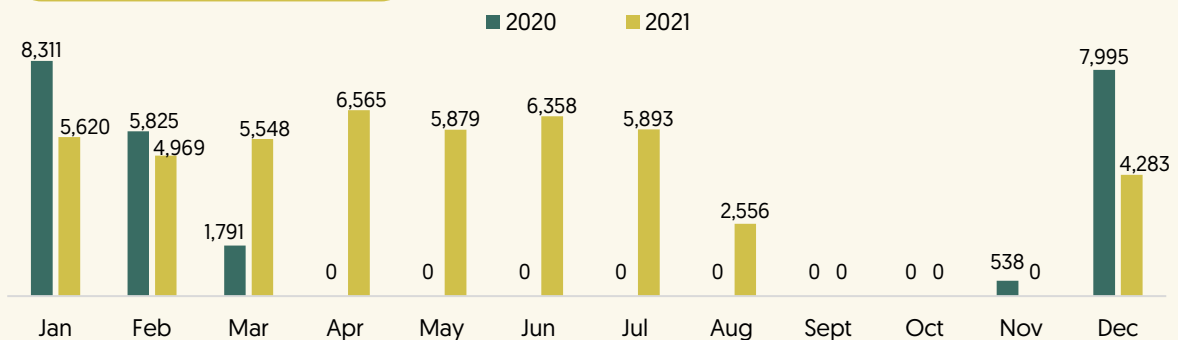
Chart 12: Currency Processed (Pieces) (Million)



Coin Deposit Machine

Coins of total value of BND47,671.05 were received from the BDCB Coin Deposit Machine (CDM) in 2021 compared to BND24,459.80 in 2020. The CDM was suspended from 9 August due to the second outbreak of COVID-19 and was reopened in December 2021 during the early endemic phase.

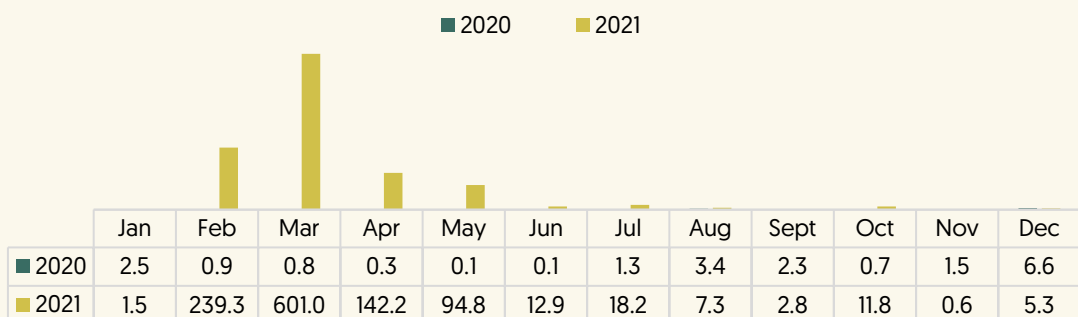
Chart 13: Total Coins Received



Commemorative Sales

Total sales of commemorative issues had increased in 2021 and was recorded at BND1,137,683.40. About 87.9% of total sales were achieved during the first half of the year mostly from the sales of the BND50 commemorative note in conjunction with the Golden Jubilee of His Majesty Accession to the Throne and the 50th Anniversary of the Currency Interchangeability Agreement (CIA) between Brunei Darussalam and Singapore BND50 commemorative note.

Chart 14: Total Commemorative Sales (BND Thousand)



The Year in Review

Financial Sector Statistics

Structure of The Financial System in Brunei Darussalam

Brunei Darussalam has a dual financial system comprising both Islamic and conventional financial institutions (FIs). Despite the challenges of COVID-19 in 2021, there was an increase of 5.5% in assets from BND22.3 billion to BND23.6 billion. The banking sector remains the dominant sector representing 82.1% of total assets.

Table 1: Total Assets of Financial Institutions in Brunei Darussalam for the year 2021 (Unaudited figures)

Financial Institutions Regulated by BDCB	No. of Financial Institutions	Amount (BND Million)	Share of Total Assets %
Deposit-Taking Institutions	10	21.6	91.6
Banks including Perbadanan TAIB	8	19.4	82.1
Conventional	6	7.2	30.4
Islamic	2	12.2	51.8
Finance Companies	2	2.2	9.5
Other Licensed Financial Institutions	11	2.0	8.4
Insurance Companies & Takaful	11	2.0	8.4
Conventional	7	1.4	5.8
Takaful	4	0.6	2.6
Total	21	23.6	100.0

Banking Industry

In 2021, the banking industry showed a y-o-y increase in assets, deposits and loans/financing of 5.8%, 11.2% and 4.6%, respectively. The asset quality of the banks' loans/financing portfolios also showed improvement with a Non-Performing Loan/Financing ratio of 3.6% from 4.7% y-o-y in 2020. There were ample capital and liquidity buffers with a Capital Adequacy ratio of 20.3% and Liquid Assets to Total Assets of 45.5%, respectively. The profitability of the banking industry remained stable, where Return on Assets (ROA) and Return on Equity (ROE) stood at 1.3% and 8.6%, respectively.

Chart 15: Banking Industry - Assets, Deposits and Loans/Financing (BND Billion) (Unaudited figures)

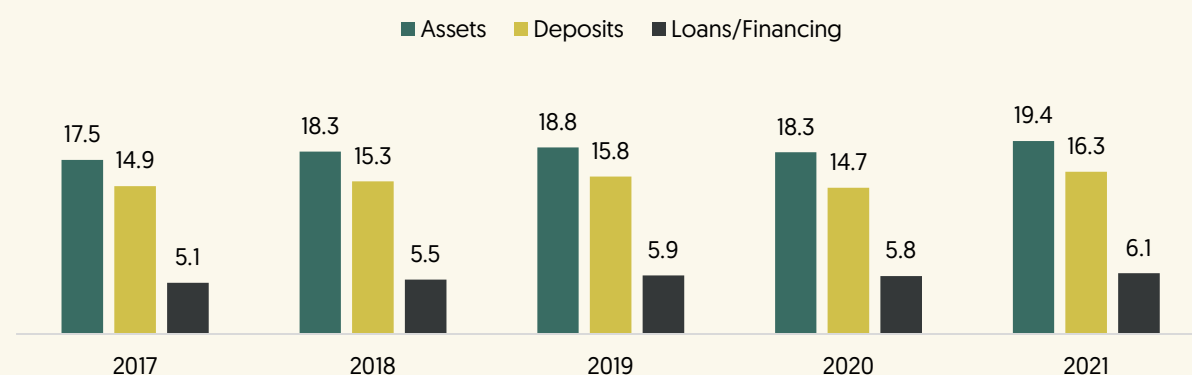


Table 2: Financial Soundness Indicators for Banks (Unaudited 2021 figures)

Financial Soundness Indicators (%)	2020	2021
Capital Adequacy		
Regulatory Capital to Risk Weighted Assets	21.2	20.2
Tier 1 Capital to Risk Weighted Assets	21.5	20.3
Non-Performing Loans/Financing (Net of Specific Provisions) to Capital Funds	6.1	4.9
Assets Quality		
Non-Performing Loans/Financing to Gross Loans/Financing	4.7	3.6
Net Non-Performing Loans/Financing (Net of Provisions) to Gross Loans/Financing	2.4	1.9
Provision Coverage (Specific Provisions to Total NPLFs)	48.2	47.5
Profitability		
Return on Assets (Before Tax)	1.5	1.3
Return on Equity (After Tax)	10.5	8.6
Efficiency Ratio	51.2	57.1
Liquidity		
Liquid Assets to Total Assets	48.3	45.5
Liquid Assets to Total Deposits	60.3	54.1
Liquid Assets to Demand and Savings Deposits (Non-Bank Customers)	95.9	84.1
Loans/Financing to Deposits Ratio	39.7	37.3

The overall loans/financing portfolio experienced an increase of 4.6%, contributed by a significant growth in the corporate sector by 10.9%, particularly in the manufacturing sector with an increase of 43.6%. However, the household sector recorded a decline of 2.1%, mainly contributed by the decline in personal loans/financing by 5.6%. The corporate sector made up 54.4% of total loans/financing.

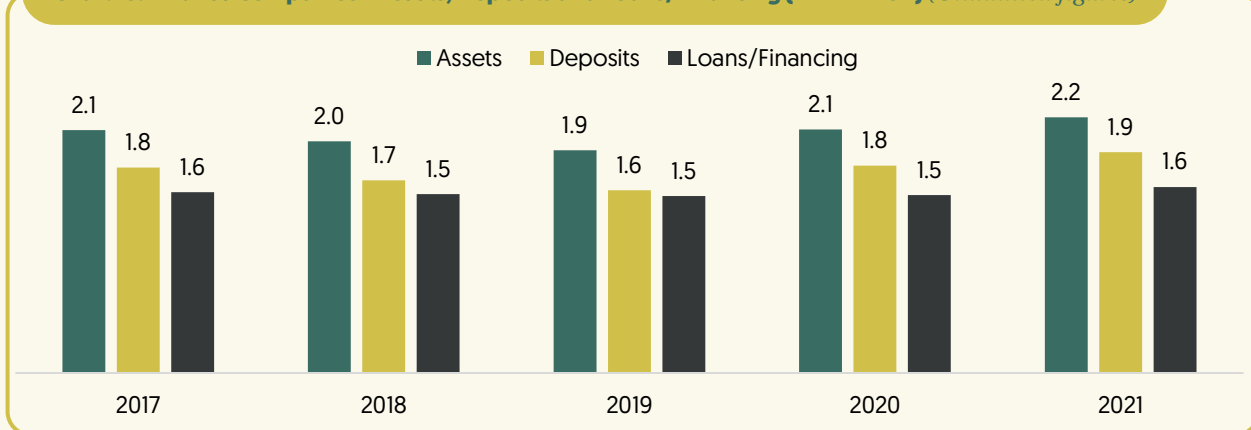
Table 3: Banking - Distribution of Loans/Financing (Unaudited 2021 figures)

Sector	2020		2021		% Change
	Amount (BND Million)	% of Total Loans/Financing	Amount (BND Million)	% of Total Loans/Financing	
Household Sector	2,834.7	48.7	2,774.9	45.6	-2.1
Personal Loan/Financing (including Credit Card)	1,406.8	24.2	1,328.6	21.8	-5.6
Residential Housing	1,427.8	24.5	1,446.3	23.7	1.3
Corporate Sector	2,989.2	51.3	3,315.6	54.4	10.9
Agricultural	34.8	0.6	40.0	0.7	15.1
Financial	184.5	3.2	277.9	4.6	50.7
Manufacturing	501.8	8.6	720.5	11.8	43.6
Transportation	325.6	5.6	252.6	4.1	-22.4
Infrastructure	43.7	0.8	30.7	0.5	-29.7
Traders	347.4	6.0	353.8	5.8	1.8
Services	766.7	13.2	738.7	12.1	-3.6
Commercial Property	743.4	12.8	818.8	13.4	10.1
Tourism	35.2	0.6	37.8	0.6	7.3
Telecom & IT	6.1	0.1	44.7	0.7	630.1
Total Loans/Financing	5,823.8	100.0	6,090.4	100.0	4.6

Finance Companies

There was improvement in the performance of the finance companies with growth in assets, deposits, and loans/financing by 7.1%, 7.5% and 0.8%, respectively. The asset quality slightly improved with a Non-Performing Loan/Financing ratio of 0.8% from 1.4% y-o-y with a provision coverage of approximately 136.0%. Simultaneously, profitability of the finance companies industry remains stable with the Return on Assets (ROA) and Return on Equity (ROE) stood at 3.2% and 25.6% respectively.

Chart 16: Finance Companies - Assets, Deposits and Loans/Financing (BND Billion) (Unaudited figures)



Access to Finance

The geographical segmentation of banks' (including Perbadanan TAIB) facilities remained concentrated in the Brunei-Muara district, the most populated district and the centre of economic and financial activities. Nevertheless, other districts also provide good access to finance.

Table 4: Banking - Distribution of Branches and ATMs by District as at 31 December 2021

District	Branches (including HO)	Single Function Machines (ATM, CDM & CQM)		Multi-Function Machines	
		Onsite	Offsite	Onsite	Offsite
Brunei-Muara	35	84	64	32	14
Tutong	3	4	7	3	0
Belait	8	19	8	6	6
Temburong	2	5	0	0	0
Total	48	112	79	41	20

Collateral Registry

Chart 17: Cumulative Number of Collaterals by Type (as of 31 December 2021)

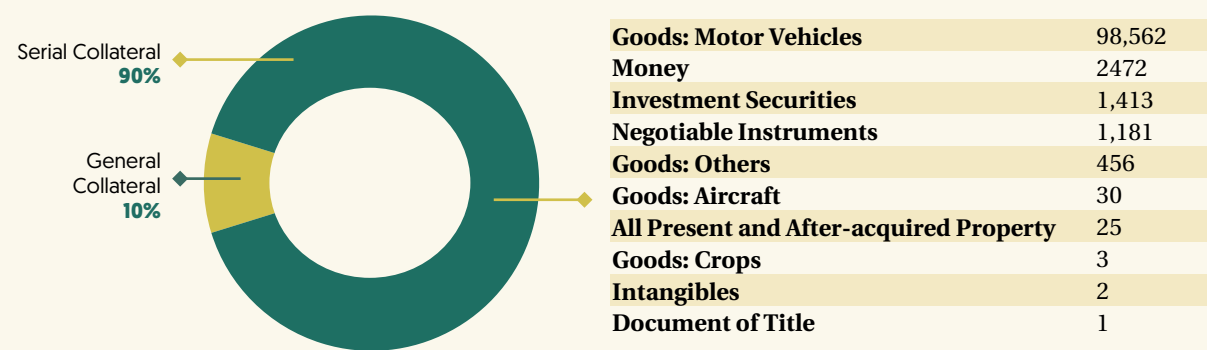
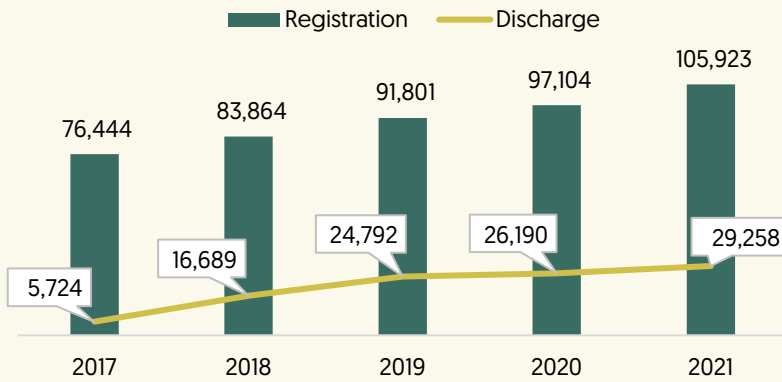


Chart 18: Annual Cumulative Number of Registration made in CRS



105,923

Cumulative registrations made in CRS

29,258

Cumulative discharge in CRS

Chart 19: Cumulative Number of Active Financing Statement in 2021

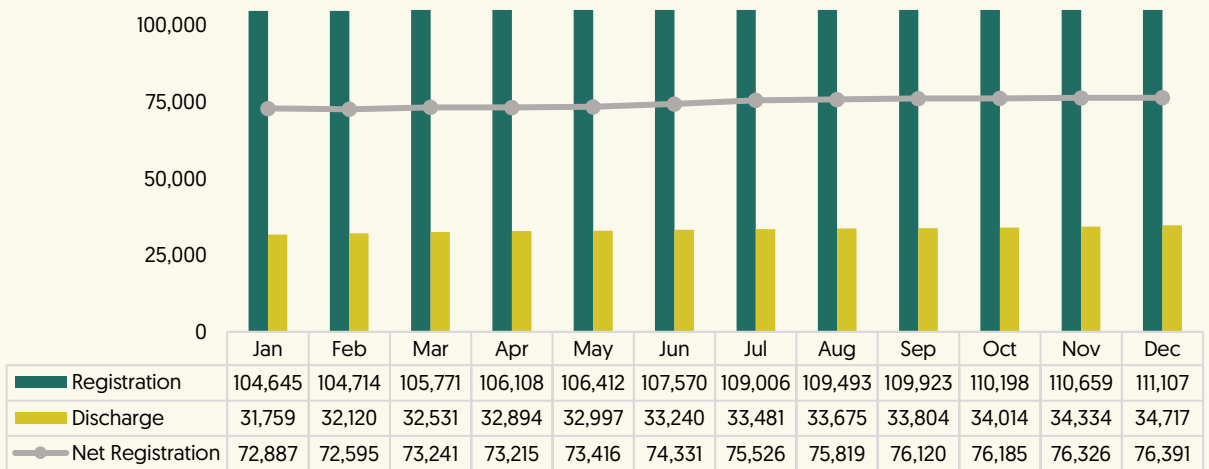
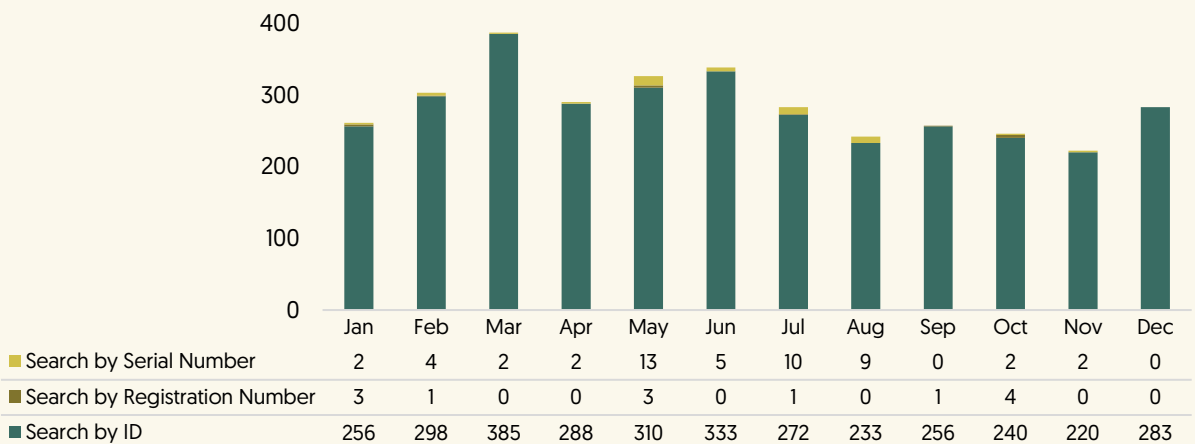


Chart 20: Accumulative Number of Searches Made in 2021



Insurance/Takaful Industry

As of 2021, there were 11 licensed companies in the insurance and takaful industry: 7 conventional insurers and 4 takaful operators. 6 of the total licensed companies were general insurance/takaful operators and the remaining 5 were life/family takaful companies.

Table 5: Insurance and Takaful - Number of Insurance Companies/Takaful Operators

	2020	2021
General Conventional Insurers	4	4
General Takaful Operators	2	2
Life Conventional Insurers	3	3
Family Takaful Operators	2	2
Total	11	11

Insurance Intermediaries

Table 6: Insurance and Takaful - Number of Intermediaries

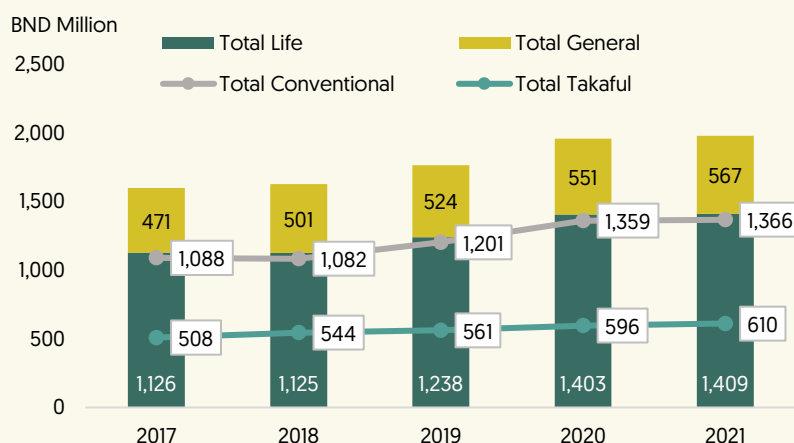
	2020	2021
Insurance Broker	1	1
Loss Adjuster	0	0
General Insurance/Takaful Agents:	240	239
Individual	220	219
Corporate	20	20
Life Insurance/Takaful Agents:	315	259
Individual	314	258
Corporate	1	1

Insurance/Takaful Industry Market Updates

Table 7: Insurance and Takaful Highlights (Unaudited figures)

(In BND Million)	2017	2018	2019	2020	2021
Assets	1,596.7	1,625.8	1,762.4	1,954.4	1,975.9
Gross Premiums	296.1	294.7	291.2	300.2	309.6
Gross Claims/Benefits	144.9	126.6	145.8	161.8	106.3

Chart 21: Insurance and Takaful: Total Industry Assets (Unaudited figures)



Total assets of the insurance and takaful industry have increased by 1.1% in 2021 to BND1.98 billion as both life and general sectors have shown growth due to an increase in other assets [33.0%], investments [14.5%] and recoverable from reinsurers [5.2%].

Gross Premiums/Contributions

The total industry insurance and takaful gross premiums increased by 3.1% from BND300.2 million in 2020 to BND309.6 million in 2021, mainly contributed by premium growth in the life sector. In terms of market share, conventional premiums still dominated with a share of 53.3% compared to takaful contributions at 46.7%.



53.3%

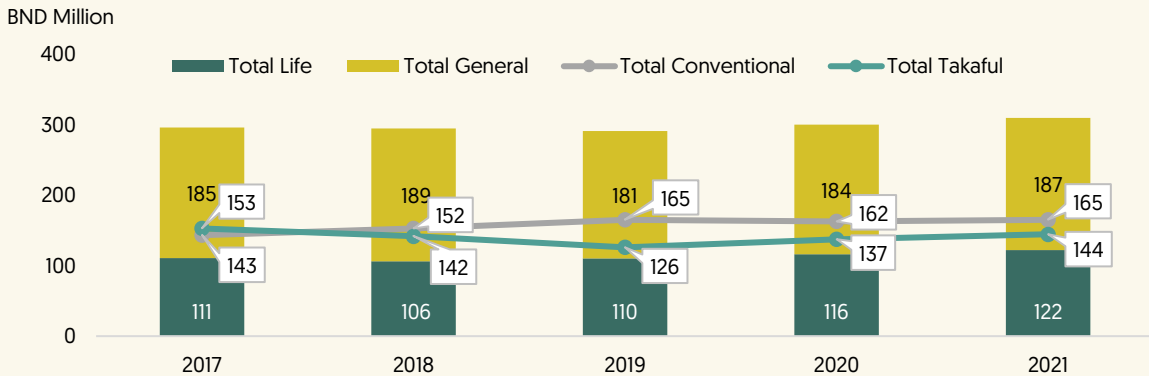
Conventional premiums



46.7%

Takaful contributions

Chart 22: Insurance and Takaful - Total Industry Gross Premiums/Contributions (Unaudited figures)



General insurance/takaful sector recorded an increase of 1.9% in 2021, with total gross premiums/contributions of BND187.4 million [Table 8]. There were notable increases recorded in engineering [+192.9%], miscellaneous [+91.5%], liability [+68.4%], and marine, aviation and transit [+22.5%].



+192.9%

Engineering



+68.4%

Liability



+91.5%

Others



+22.5%

Marine, Aviation & Transit

Table 8: Insurance and Takaful - Gross Premiums/Contributions for General Business in BND Million (Unaudited figures)

Classes of General Business	2020	2021	% Change
Property	27.0	19.8	-26.6
Motor	89.4	85.7	-4.2
Marine, Aviation and Transit (MAT)	9.8	12.1	+22.5
Energy	22.4	15.7	-29.9
Engineering	3.2	9.4	+192.9
Liability	6.0	10.1	+68.4
Personal Accident	5.4	5.9	+9.8
Workmen Compensation	14.0	15.9	+13.7
Miscellaneous	6.7	12.8	+91.5
Total Gross Premiums/Contributions	183.9	187.4	+1.9

Chart 23: Insurance and Takaful - General Gross Premiums/Contributions by Classes of Business
(Unaudited figures)

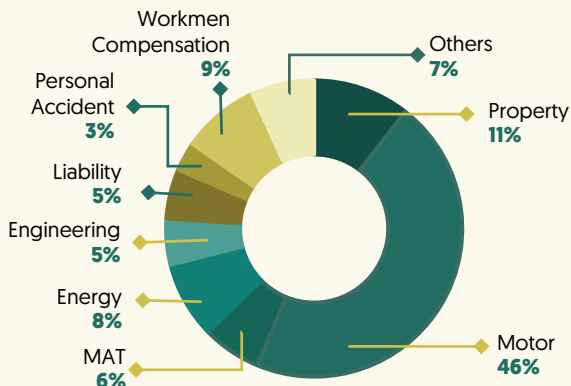
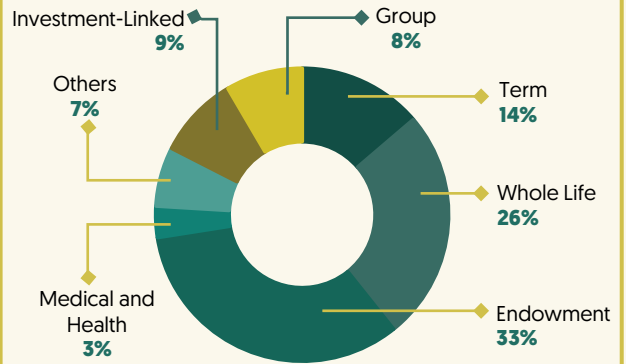


Chart 24: Insurance and Takaful - Life Premiums /Family Contributions by Classes of Business
(Unaudited figures)

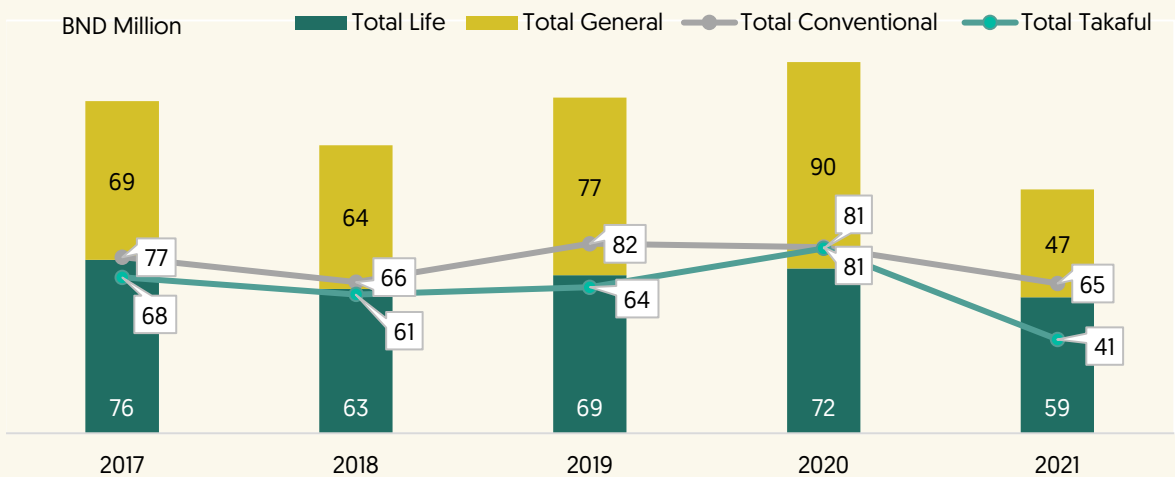


For life insurance/family takaful sector, business in-force premiums/contributions were at BND122.2 million in 2021, an increase of 5.1% from the previous year. This was due to an increase in conventional life business by 9.0% as investment-linked policies increased by 13.8% y-o-y from BND9.7 million to BND11.1 million. Endowment life insurance policies had the biggest segment in the life/family space and accounts for 33.2% of total life premiums/family contributions, followed by whole life [25.5%], term [13.8%], and investment-linked [9.1%] policies/certificates. As of 2021, 29,820 new policies/certificates were issued totaling up to 242,784 policies/certificates in-force at the end of 2021.

Gross Claims and Benefits

Industry's total gross claims and benefits have improved by 34.5% to BND106.3 million in 2021. All benefits incurred from life insurance/family takaful sector have improved leading to a decrease by 17.5% y-o-y with the exception of term and other businesses. Meanwhile, the general sector saw an improvement in claims by 48.1% mainly contributed by liability, MAT and motor businesses.

Chart 25: Insurance and Takaful - Total Industry Gross Claims/Benefits (BND Million) (Unaudited figures)



Specialised Markets

Money-Changing

Chart 26: Currencies Bought

-63%
Y-O-Y

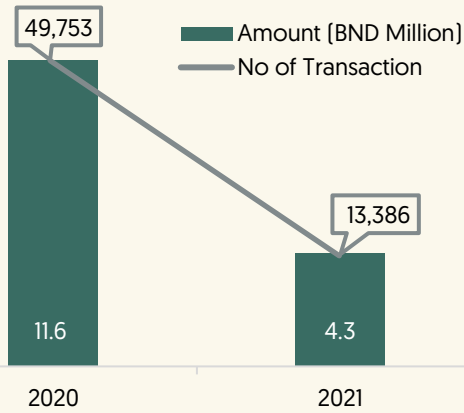
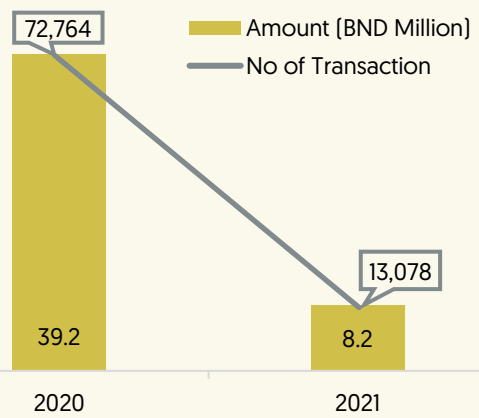


Chart 27: Currencies Sold

-79%
Y-O-Y



In 2021, the second wave of COVID-19 in Brunei Darussalam continued to severely affect the money-changing sector with the value of both buying and selling of foreign currencies decreasing by 63% [BND7.3 million] and 79% [BND31 million], respectively, compared to 2020.

In terms of buying, United States Dollar (USD) recorded the highest value of foreign currencies bought at 33% which amounted to BND1.4 million with 2,823 transactions. In terms of selling, Indonesian Rupiah recorded the highest amount of foreign currency sold at 25% which amounted to BND2.0 million with 4,339 transactions.

Chart 28: Breakdown by Currencies Purchased

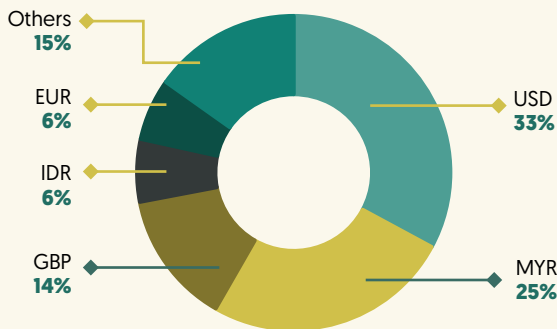
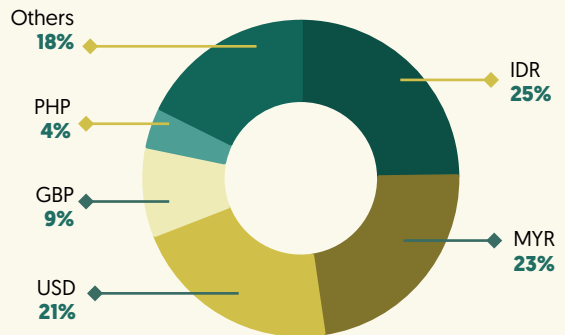


Chart 29: Breakdown by Currencies Sold



Remittance

On the contrary, the remittance sector continued to increase in both value and number of transactions by 22% [BND232.7 million] and 0.2% [2,803 transactions], respectively, compared to 2020; mainly with remittances to Malaysia and Indonesia. Remittances to Malaysia amounted to BND455.8 million with 182,073 transactions while remittances to Indonesia amounted to BND261.6 million with 372,737 transactions. 72% of the remittances were for personal purposes. However, remittance for the purpose of business has shown a significant increase by 93% from BND163.9 million in 2020 to BND316.8 million in 2021.

Chart 30: Outward Remittance

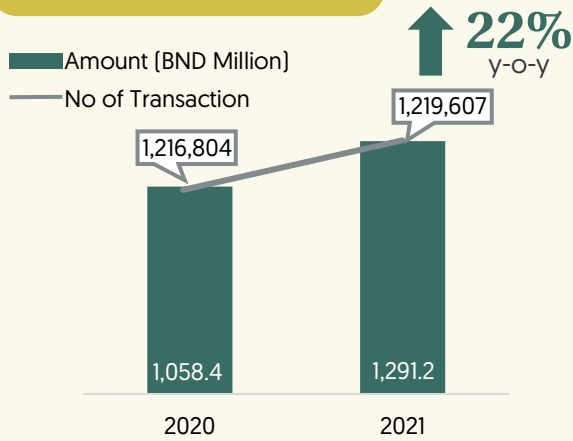


Chart 31: Inward Remittance

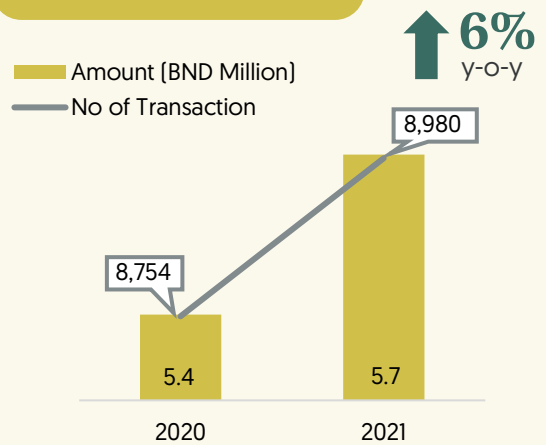


Chart 32: Breakdown by Outward Remittance

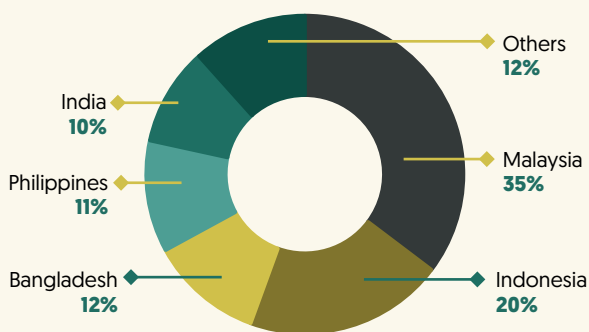
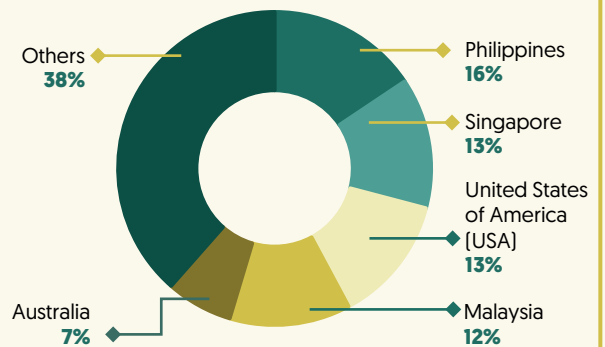


Chart 33: Breakdown by Inward Remittance

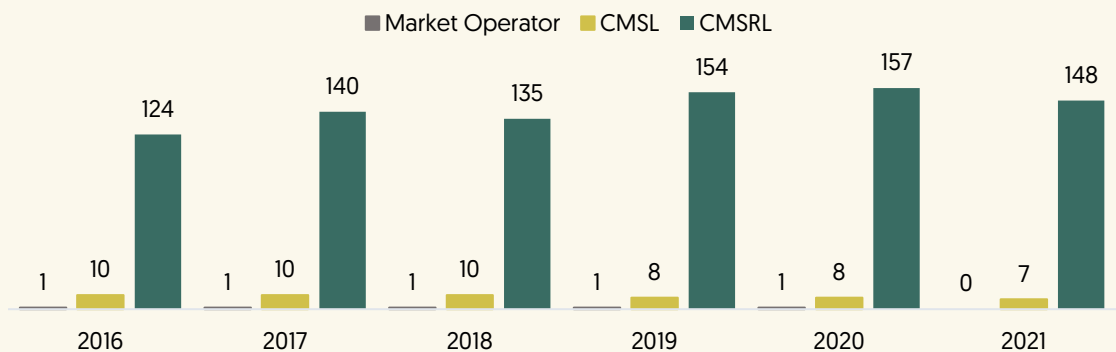


Capital Market

Regulated Persons under Securities Markets Order, 2013 (SMO)

The total number of regulated persons under SMO has slightly decreased by 11 from 166 in 2020 to 155 in 2021 mainly due to a drop in the total number of Capital Markets Services Representative's Licence (CMSRL) holders by 9. In addition, a Capital Markets Services Licence (CMSL) holder and a recognised trading facility had respectively ceased their licence and recognition in Q2 and Q3 of 2021.

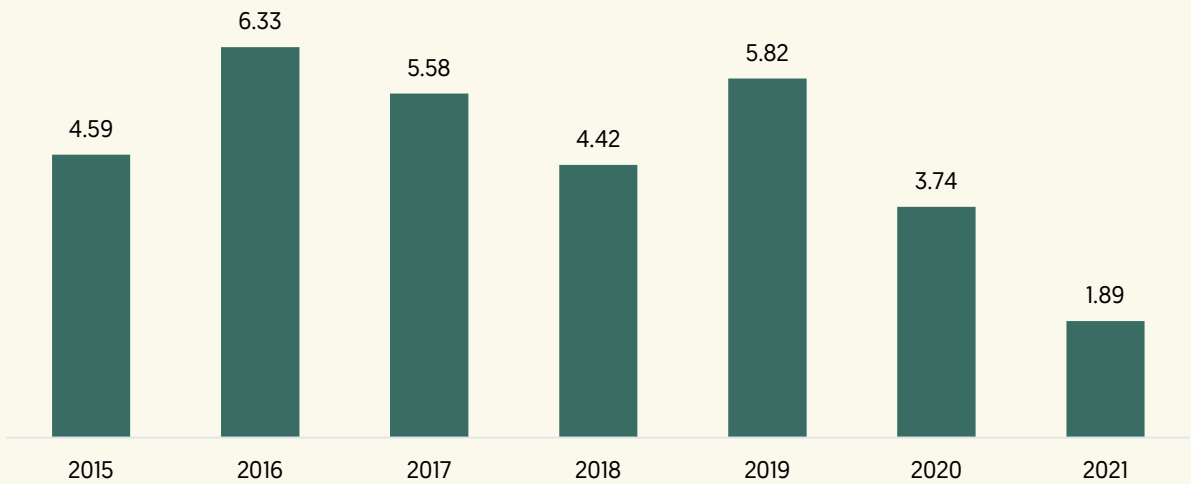
Chart 34: No. of License Holders



Total Assets Under Management

The total assets under management (AUM) managed via the CMSL holders in Brunei Darussalam stood at BND1.89 billion, showing a significant decline of 49.5% y-o-y compared to 2020. This may be attributed to clients' strategic directions.

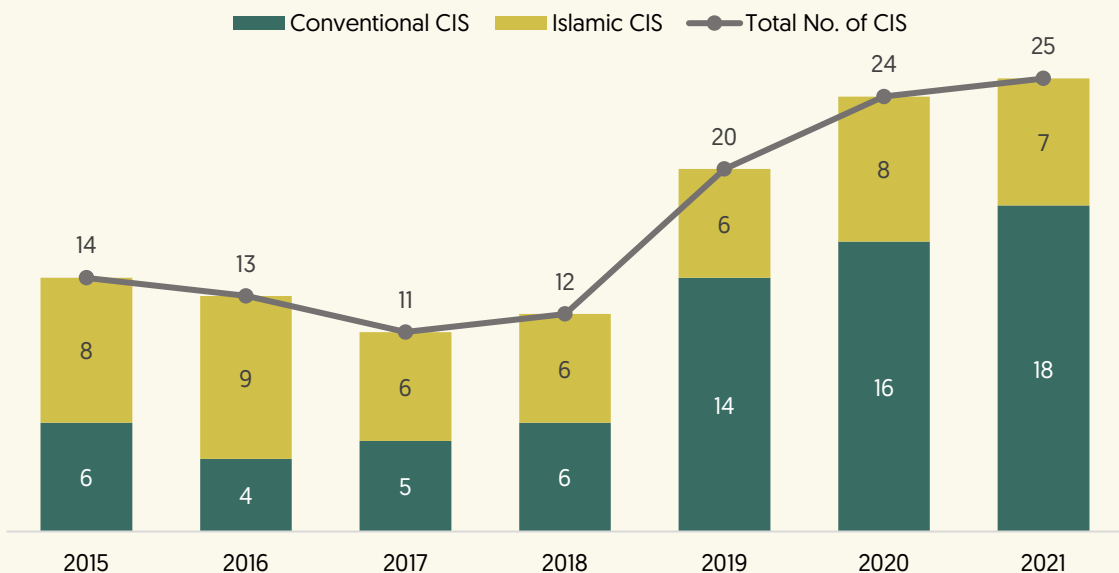
Chart 35: Total Assets Under Management (BND Billion)



Collective Investment Schemes

By the end of 2021, the total number of Collective Investment Schemes (CIS) increased by 1 from 2020, comprising of 7 publicly recognised Islamic CIS and 18 publicly recognised conventional CIS. Throughout the year, BDCB granted 2 new CIS recognitions, including a sustainable fund, and 1 cessation of CIS.

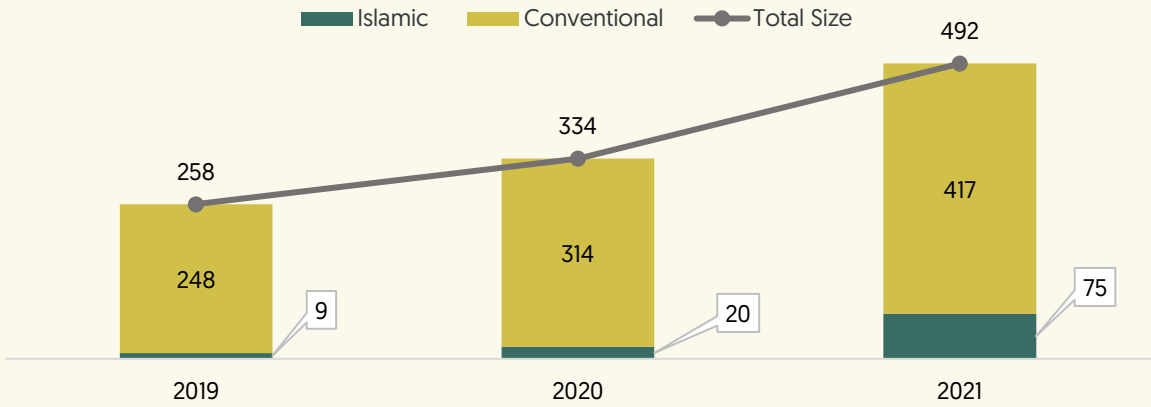
Chart 36: No. of License Holders



Total Assets Under Distribution for Public CIS

In terms of Assets Under Distribution (AUD) for public CIS, the total currently being invested stood at BND491.98 million, of which 15.2% were in Islamic CIS and 84.8% were conventional.

Chart 37: Total Assets Under Distribution for Public CIS (BND Million)

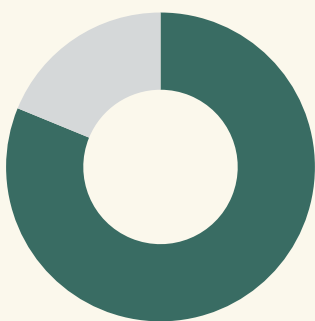


Financial Inclusion

As of the first half of 2021, the number of account ownership for those aged 15 and above stood at 81.2%. There was a further increase by 12.7% y-o-y in the number of account ownership for adults aged 65 years old and above. This reflects the continuous efforts made by the relevant government agencies in encouraging bank accounts ownership for the elderly and welfare recipients since the first wave of COVID-19 pandemic outbreak.

Out of the total population aged 18 and above, 38.2% have credit financing accounts. There was a slight increase of 1.2% in credit financing accounts, while in general, there was a reduction in the number of accounts for home mortgage/financing, car loan/financing, education loan/financings and personal loan/financing. Similarly, 30.1% of the population aged 15 and above have life insurance policies/family takaful plans, which is a 12.1% increase y-o-y. This may be attributed to the shift towards more subscriptions to endowment policies, indicating that the population may be planning for long-term savings and returns. In addition, there has also been an uptake of group policies mostly covering death against accident and/or illness.

Chart 38: Percentage of Population Who Have Access to Licensed Financial Products and Services



81.2%

Have an account at a financial institution



38.2%

Have credit financing



30.1%

Have insurance policies/family takaful plans

Financial Sector Blueprint (2016-2025)

2021 Progress

Pillar I



Monetary and Financial Stability

- Development of Liquidity Management Framework
- Reissuance of Notice on Market Conduct and Notice for the Establishment of A Complaints Handling Function within Financial Institutions
- Risk-based Capital Framework for Takaful/Insurance Operators: 2nd parallel run
- Establishment of Technology Risk Assessment Framework (T-RAF)
- Interconnectedness Study of the Financial Institutions

Pillar II



Competitive and Innovative Financial Institutions and Services

- Guidelines on Product Development and Pricing for Insurance Companies
- Continuous Preparation for the Establishment of the National Securities Exchange
- Enhanced FinTech Regulatory Sandbox programme

Pillar III



Robust and Modern Infrastructure

- Issuance of Digital Payment Market Development (DPMD) Questionnaire
- Industry Consultation on Notice on Digital On-Boarding and Electronic Know Your Customer (E-KYC) for Financial Institutions
- Digital Payment Hub Project
- Signing of a Memorandum of Understanding between BDCB and Cyber Security Brunei (CSB)

Pillar IV



Enhanced International Integration

- Chairmanship of ASEAN Central Bank Track, ASEAN Capital Markets Forum (ACMF) and the newly established ASEAN Taxonomy Board
- Chairmanship of the South East Asian Central Banks (SEACEN) Board of Governors for 2020/2021

Pillar V



Human Capital Development

- Manpower Study for the Financial Sector (Capital Market)
- Continuous Professional Development (CPD) Pilot Project for Capital Market
- Consultation with the industry to introduce CPD Framework for Insurance Agents

Objective I:

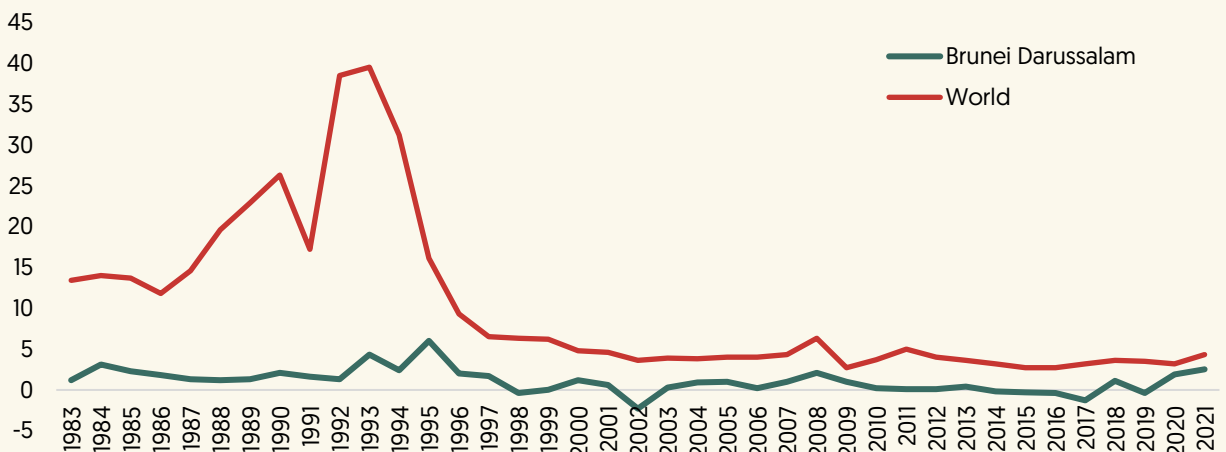
Domestic Price Stability



Currency Board Arrangement

One of BDCB's objectives under the BDCB Order, 2010 is to maintain price stability through Brunei Darussalam's unique monetary policy framework. This framework consists of the Currency Board Arrangement with the Brunei dollar pegged to the Singapore dollar at par under the Currency Interchangeability Agreement, which has been in place between Brunei Darussalam and Singapore since 1967. This framework is a key contributing factor to price stability as the inflation rate in Brunei Darussalam has remained low and stable, averaging around 1.1% over the period of 1983 to 2021.

Chart 39: Inflation Rate (%)



Source: International Monetary Fund

A currency board must fully back up the total amount of currency issued in the economy with an equivalent amount held in foreign reserves. This is also stated in the Currency Order, 2004, which requires BDCB to back up every note and coin issued with foreign exchange reserves. This is to ensure confidence and stability in the Brunei dollar, and hence, eases trade and investment.

Monetary Operations

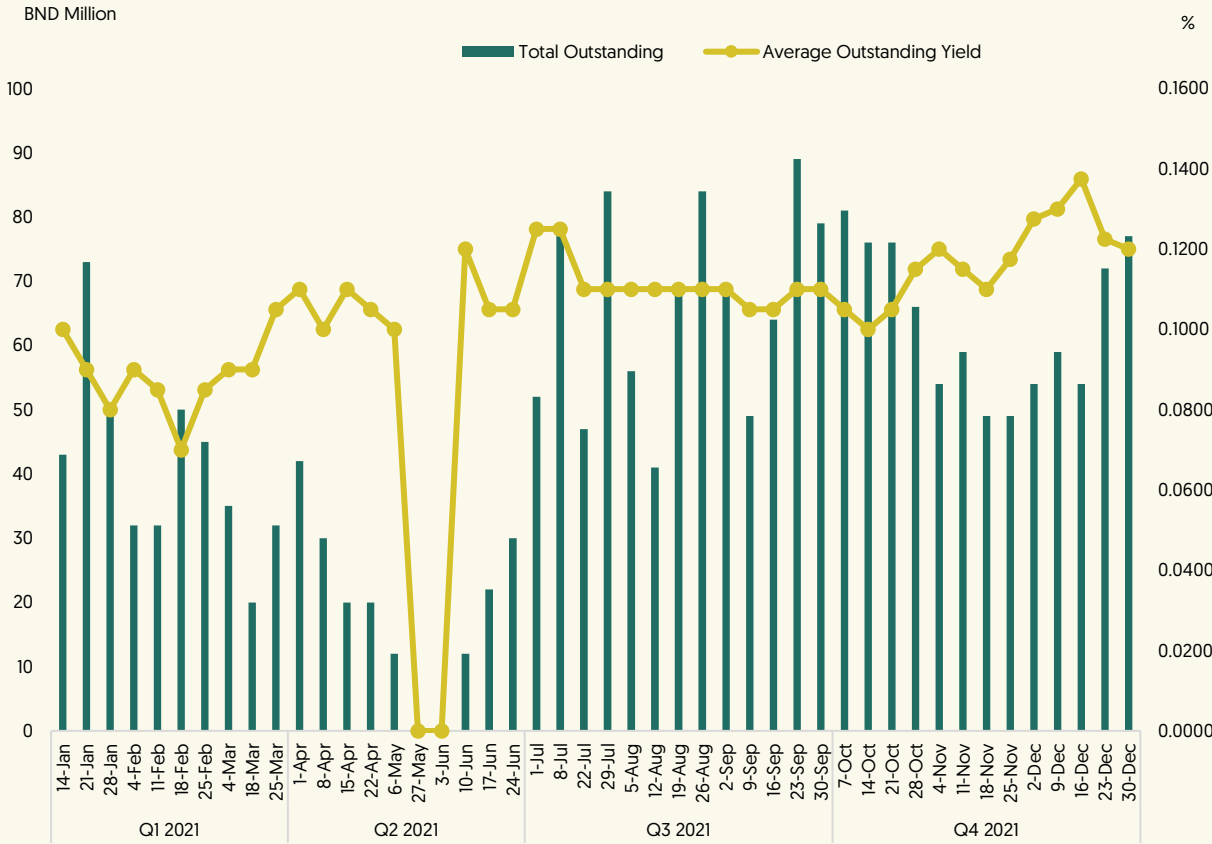
BDCB conducts monetary operations through the issuance of BDCB I-Bills and Overnight Standing Facilities to ensure sufficient liquidity for the smooth functioning of the domestic banking system. Such operations play an important role in achieving monetary stability by providing adequate liquidity in the system. BDCB also ensures that the design of the instruments and operations in relation to the framework are strictly consistent with the Currency Board principles. Hence, the monetary operations also support and align with the monetary policy of the country.

BDCB Islamic Bills (BDCB I-Bills)

As part of BDCB's commitment to Pillars I and II of the Brunei Darussalam Financial Sector Blueprint 2016-2025 and its continued efforts to develop a more efficient money market for Brunei Darussalam, the 2-week BDCB I-Bills, based on the Syariah concept of Wakalah bil Ujah, was successfully launched with the maiden issuance on 22 October 2020. The BDCB I-Bills aims to support liquidity management of primary investors in Brunei Darussalam, and simultaneously expand the list of money market instruments available to BDCB and the domestic financial sector.

Since its inception, BDCB has issued BND1.517 billion worth of BDCB I-Bills through a total of 56 issuances. As at 31 December 2021, the total outstanding amount of BDCB I-Bills stood at BND77 million.

Chart 40: Outstanding Amount and Yield for BDCB I-Bills

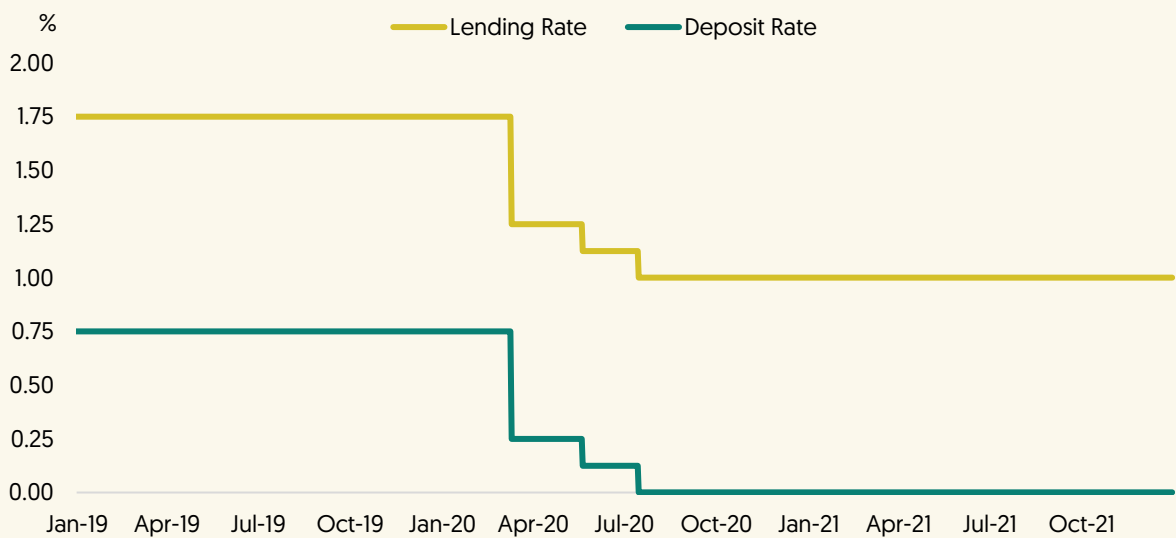


Overnight Standing Facility

The Overnight Standing Facilities are fundamental tools for effective and efficient liquidity management for the banks. The facilities consist of Syariah-Compliant Funding and Acceptance Facilities as well as Conventional Lending and Deposit Facilities. The Funding and Lending Facilities allow banks to obtain Brunei dollar liquidity from BDCB, against sufficient eligible collateral on an overnight basis. Meanwhile, the Acceptance and Deposit Facilities allow banks to place excess deposits in Brunei dollar with BDCB, on an overnight basis. The Lending and Deposit Rates are determined by the Financial and Monetary Stability Committee (FMSC).

In view of the COVID-19 pandemic, the FMSC kept the Lending and Deposit Rates unchanged at 1.00% and 0.00%, respectively, since the last cut in July 2020 to support the liquidity and stability of the domestic banking system. The domestic banking system proved resilient to the pandemic given its high level of capitalisation and liquidity.

Chart 41: BDCB Overnight Standing Facilities Rate



Objective II:

Stability of the Financial System

Regulatory Developments

In ensuring the stability of the financial system, BDCB formulates financial regulations and prudential standards for financial institutions in Brunei Darussalam. A number of regulatory Notices and Guidelines were issued in 2021 to meet BDCB's key regulatory objectives which include developing, enhancing and streamlining regulatory frameworks with international standards and best practices.

Prudential Requirements

In promoting market discipline through meaningful regulatory disclosure requirements, BDCB issued the following notices to the banks:

- Revision to the Regulatory Notice on Pillar 3 - Public Disclosure Requirements; and
- Revocation of Regulatory Notice on Disclosure on Risk Management, Credit Risk Management, Internal Audit Function, Compliance and Compliance Function and Internal Control Systems.

In the coming years, BDCB will continue to develop prudential frameworks in consultation with the banking industry. This includes the upgrade of Basel framework and additional frameworks that ensure sound risk principles and practices, especially towards enhancing resilience in the finance industry.

Exposure Draft Notices and Guidelines

BDCB recognises the importance of collaboration and consultation with the financial industry in developing policies and regulations to ensure that the views and feedback of industry players and relevant stakeholders are considered and taken into account.

To this end, BDCB issued and held briefings for one Exposure Draft Notice and two Exposure Draft Guidelines related to the enhancement of rules and regulations under the Securities Markets Order, 2013 [SMO]:

- Exposure Draft on Guideline on Issuance of Debentures in January 2021;
- Exposure Draft Guideline on Selling or Offering of Complex Securities to Accredited and Expert Investors in December 2021; and
- Exposure Draft Notice on Selling or Offering of Complex Securities in December 2021.

Meanwhile, an Exposure Draft on the proposed Capital Adequacy Framework was issued to finance companies during the year.

During the year, BDCB had also sought the views of the insurance and takaful players on newer areas of interest for the development of the industry, including:

- Balanced Scorecard Framework for Agents to introduce non-sales measurement for remunerating insurance and takaful agents;
- Takaful Operational Framework to provide holistic guidance on aspects of takaful; and
- Introduction of Continuous Professional Development Framework for Agents. This paper was jointly prepared between BDCB and BILIF to ensure agents maintain appropriate levels of professional knowledge and experience, integrity, and competence through annual continuous professional development programs.

Supervising Financial Institutions in The New Normal

Measures To Support The Financial Sector During The COVID-19 Pandemic

In addressing the economic impact from the second wave of the COVID-19 pandemic in 2021, BDCB continued to coordinate with the financial industry and other stakeholders to alleviate the burden faced by affected businesses, workers and households through wide and varied policy measures.

BDCB, as the regulator of the financial sector, recognises that a balance and targeted approach is needed to preserve financial stability while supporting the country's efforts to sustain economic activity. Financial institutions were reminded to exercise and strengthen preventative measures to reduce the risk of spread of the virus and safeguard the health of customers, including to practise good hygiene, encourage social distancing, promote digital channels and create a safer workplace.

In 2021, BDCB was able to provide greater flexibility targeting the banking sector and money changing businesses which continued to be impacted by COVID-19.

Banking Sector

As part of the comprehensive interim measures to support specific private sectors in addressing the impact of COVID-19 in Brunei Darussalam, the assistance offered by the banking sector to affected businesses and individuals has undergone several extensions.

In conjunction with the announcements relating to the interim measures, the Notice on Temporary Regulatory Measures was amended on 27 February 2021, 14 August 2021 and 11 January 2022, according to their respective extension periods. With the amendments, BDCB will continue to provide regulatory flexibility to encourage banks and finance companies to offer temporary assistance to their affected customers by providing the following options:



For Businesses

A • Deferment of principal repayment on:

- Loans/financing
- Hire purchase facilities limited to motor vehicle loans/financing

B • Restructuring on existing credit facility for affected customers from the business sector

- Starting 1 January 2022

For Individuals

A • Deferment of principal repayment on:

- Personal loans/financing
- Property loans/financing (for home ownership and property investment)
- Hire purchase facilities limited to motor vehicle loans/financing

B • Restructuring up to 10 years on:

- Personal loans/financing
- Hire purchase facilities limited to motor vehicle loans/financing

C • Conversion of outstanding credit card balances

- To term loans/financing of up to 3 years, for individuals employed in business sectors including self-employed

- Waiver of related fees and charges including processing fees on deferment/restructuring/conversion of credit card facility (excluding third party fees and charges)
- Waiver of all local online interbank fund transfers for all customers

Statistics on Interim Measures

Since the second wave of COVID-19 outbreak, a total of 1,214 loan/financing accounts were approved, with the overall amount totalling BND221.2 million. This was compared to a total of 442 loan/financing accounts for the period 1 April 2021 to 30 July 2021 and a total of 2,014 for the period 1 April 2020 to 30 December 2020.

It was observed that the most highly demanded assistance is in the form of deferment. A majority of applicants have taken the assistance in the early assistance periods in order to maximise the applicable deferment period.

Moving forward, BDCB continues to monitor the developments of the COVID-19 pandemic and its impact on the financial sector, and to assess the impact of the interim measures. BDCB stands ready to withdraw such measures, as and when conditions permit.

Table 9: From 8 August 2021 - 31 December 2021 (second wave of COVID-19 outbreak)

Types of Assistance	Approved Applications	Outstanding Amount (BND)
Deferment	1,186	218.2 million
Restructuring	27	2.9 million
Conversion of Credit Card Balance	1	0.002 million
Total	1,214	221.2 million

Money-Changing Business

In an effort to further lessen the financial burden of the money-changers following the COVID-19 pandemic, BDCB introduced additional interim measures by amending the Notice on Temporary Regulatory Relief Measure for Money-Changing Business for the second time which came into effect on 21 December 2021 and is valid until 31 December 2023. The Notice provides for the following:

- Current money-changing licensees are granted 80% reduction in their annual fees for the period 1 January 2021 to 31 December 2023;
- The requirement to submit profit and loss statements verified by an external auditor is waived for the financial year ending 31 December 2021. However, licensees are required to prepare and submit their profit and loss statements according to the format specified by BDCB and submit to BDCB not later than 30 June 2022; and
- Upon application and assessment, BDCB may grant approval to any money-changing licensees who wish to defer their business operations for up to 6 months or such extended period as may be determined by BDCB.

Operational Resilience

Prior to the second COVID-19 wave, BDCB was able to resume supervisory activities as normal including carrying out onsite inspections. With the activation of BDCB's Business Continuity Plan [BCP] in August 2021, all physical meetings with the industry had been suspended. This led to a shift of priorities to focus on the operational resilience of financial institutions.

BDCB had issued an advisory to financial institutions to ensure that physical distancing was implemented for the protection of their employees as well as customers and that essential financial services continued to be available during the second wave containment period. To minimise physical interaction with customers and agents, some companies had introduced digital application processes to overcome challenges during the pandemic.

Companies were required to submit updates of their BCP operations on a weekly basis and BDCB conducted monthly virtual meetings with the companies to ensure their operations, strategy and financial soundness were in order.

Stress Testing of the Insurance and Takaful sector

Among BDCB's roles is to protect financial consumers by monitoring the financial soundness of the insurance and takaful sector and to assess the resilience of insurance companies and takaful operators in Brunei Darussalam in order to be able to take preventive and corrective measures.

For this purpose, BDCB designed 2 stress scenarios for the insurance and takaful industry on the effects of the COVID-19 pandemic. The first scenario assumed a fast recovery to normal conditions beginning January 2021, while the second assumed a longer period of recovery and the return of the pandemic in 2021, with the same intensity and timing as in the early stage of COVID-19 in 2020. Insurers and takaful operators ran these stress scenarios, taking into consideration the changes in the critical variables for both scenarios with additional pressure of idiosyncratic shocks and materialisation of their largest claim for Scenario 2. The testing was designed to better understand how the pandemic would affect business operations and their strategies, and assessed the effects of industry-wide shocks on both life and non-life businesses.

Overall, the results showed that, although some companies may be affected by changing the critical variables, the impact on the overall insurance/takaful industry would not pose any systemic risk to the financial system.

Macroprudential Policy and Financial Surveillance

Financial Stability Report 2020

In June 2021, BDCB published the Financial Stability Report 2020. The report includes the financial stability risk analyses for the year 2020, the performance and risk assessment of both the banking and non-banking sector, namely takaful and insurance sector, capital market sector, and money changer and remittance companies. The report also highlights a number of special studies conducted by respective functions within BDCB.

Identification of Domestic Systemically Important Bank(s) in Brunei Darussalam

Based on the quantitative and qualitative criteria specified in the "Framework for Domestic Systemically Important Banks in Brunei Darussalam", BDCB identified the domestic systemically important bank(s) [D-SIB(s)] in Brunei Darussalam for the year 2022.

The identification of D-SIB(s) aims to strengthen the resilience of the banking sector and overall stability of the financial sector through better management of the risks posed by systemically important financial institutions.

The list of D-SIB(s) will be reviewed on an annual basis to take into account the changes of the banks' systemic importance over the past year. Meanwhile, the framework will be reviewed once every 3 years to ensure its continued relevance.

Expansion of BDCB's Macroprudential Toolkit

To further enhance the management of addressing domestic systemic risk, BDCB conducted a study to assess the level of inter-group and cross-sectoral interconnectedness in Brunei Darussalam's financial system, in particular for the takaful and insurance industry. The study also assessed the level of indirect interconnectedness in the financial system via Top 50 common debtors' exposure i.e. debtors that have loan/financing facilities from more than one bank. This analysis is very important in view of the current COVID-19 outbreak.

BDCB continues to conduct macroprudential surveillance of the financial sector through its quarterly Risk Dashboard analysis and bi-annual Risk Perception Survey. Further, BDCB's Macroprudential Policy Working Group (MPWG) continues to meet twice a year to discuss financial stability risks and concerns across different industries.

Tackling Technology Risks

In line with the Strategic Goal of Financial Sector Blueprint (2016-2025) Pillar III, BDCB undertook a number of initiatives to ensure that the critical infrastructure of the financial sector meets international standards and is resilient to risks.

Following a review of the Guidelines on IT Risk Management for Banks and Finance Companies, BDCB developed revised guidelines, namely, Guidelines on Technology Risk Management for Financial Institutions (TRMG).

The TRMG outlines best practices for financial institutions to strengthen their IT governance and technology risk management, and outlines recommended internal controls to ensure resilient operations, information security and data protection.

These guidelines apply to banks, finance companies, takaful operators, insurance companies, capital market services companies, securities operators, and payment system operators.

In addition to the TRMG, BDCB also introduced the Guidelines on IT Third Party Risk Management (ITTPRMG) for Financial Institutions that aims to provide guidance for all financial institutions in managing risks related to third-party arrangements including outsourcing, vendors, suppliers, counterparties, and cloud services. The ITTPRMG highlights the importance of due diligence, risk assessment, contractual agreement, and oversight of the third-party arrangements. Further, financial institutions are expected to deploy IT controls to minimise operational risks and protect sensitive information associated with the third-party arrangements. The ITTPRMG is applicable to all financial institutions licensed by BDCB.

BDCB also established the Technology Risk Assessment Framework (T-RAF), which aims to strengthen BDCB's supervisory framework in effectively supervising the growing adoption of technology by financial institutions. The T-RAF was further enhanced in December 2021.

The T-RAF provides guidance to BDCB when performing technology risk assessment on all financial institutions, including onsite examination and offsite review. The T-RAF was benchmarked against international standards and best practices such as Federal Financial Institutions Examination Council (FFIEC) Cybersecurity Assessment Tool and National Institute of Standards and Technology (NIST) SP 800-53.

The TRAF also allows BDCB to systematically identify gaps, evaluate IT controls, and make recommendations in order to improve financial institutions' technology risk management for safer adoption of technology.

Market Conduct and Consumer Protection

Notice on Market Conduct

In March 2021, BDCB issued a Notice on Market Conduct. Superseding a previous Notice, this Notice further enhances the requirements of banks and financial institutions in ensuring disclosure and transparency of information, and fair treatment of financial customers. With this Notice, banks and financial institutions are also required to ensure proper and adequate training for their front-line staff. In addition, this Notice encompasses protection for financial customers relating to digital financial products and services, including protection of customer data and information.

This Notice promotes financial customers' better understanding of the products and services offered by banks and financial institutions in the country. This will help customers make informed financial decisions which in turn, will increase their trust and confidence in dealing with banks and financial institutions.

Notice on Roles and Responsibilities of Insurers on Insurance/Takaful Agents and Conditions of Registration for General/Life Insurance and General/Family Takaful Agents

As part of BDCB's commitment to improve the supervisory regime for the protection of policyholders in Brunei Darussalam, BDCB also issued a Notice that provides requirements for the conduct of insurance intermediaries. This is to further ensure that business is conducted in a professional and transparent manner.

This Notice also outlines BDCB's expectations on insurance/takaful agents in their applications for registration and the roles and responsibilities of insurers in relation to their agents.

BDCB also revised the conditions of registration for both general and life insurance agents.

Guidelines on Product Development and Pricing for Insurance Companies

BDCB had issued a Notice in 2020 on Product Approval for Insurance Companies stipulating the requirements for the product approval application process. In 2021, BDCB issued Guidelines to supplement the streamlining process of the product approval application process for insurance companies.

The Guidelines set the expectations that insurers should have adequate processes, controls, and systems in place to assess the risks of new products and to carry out risk assessments before entering into new business lines and products. Moving forward, similar guidelines will be issued for takaful operators.

Notice for The Establishment of a Complaints Handling Function Within Financial Institutions

In line with BDCB's continuous effort to strengthen financial consumer protection, whilst taking into account current developments in financial products and services, BDCB issued a Notice for The Establishment of a Complaints Handling Function within Financial Institutions.

With this Notice, banks and financial institutions are required to further improve their existing redress mechanism to address financial consumer complaints effectively.

This Notice provides greater clarity on the requirements of banks and financial institutions in providing customers with the means to resolve complaints on financial transactions, and/or the banks' and financial institutions' practices and services.

This includes enhancements to their complaints handling policies and procedures, record keeping, and reporting. Greater emphasis is made for banks' and financial institutions' staff to be competent, and for complaints received to be used as feedback for improving banks' and financial institutions' quality of products, services and operations.

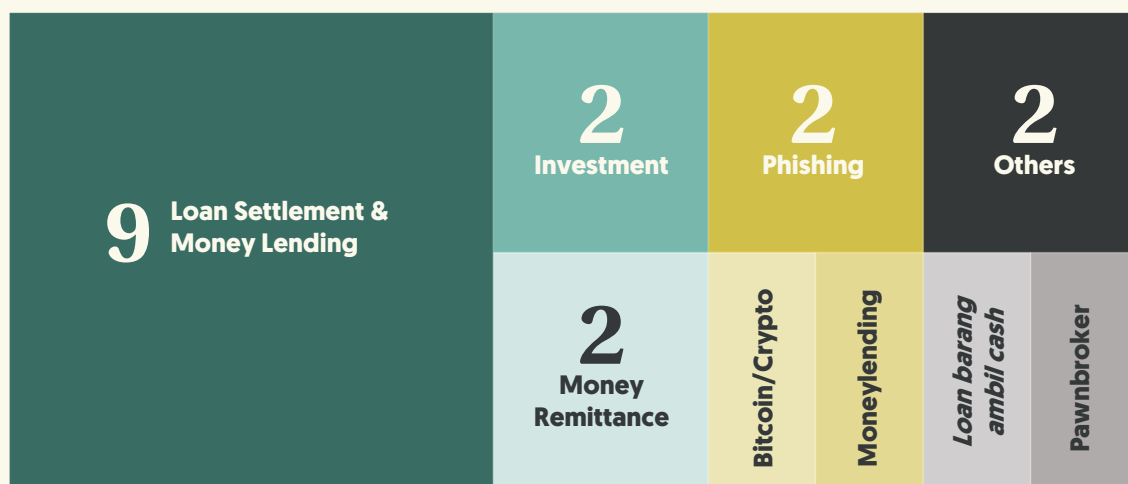
Continued public awareness on unlicensed financial activities

To further ensure the protection of financial consumers in Brunei Darussalam, BDCB publishes an Alert List on its website to raise public awareness on, among others, unlicensed financial activities.

The Alert List is a list of persons (companies and individuals) and websites which are neither authorised nor approved under the relevant laws and regulations administered by BDCB, or whose activities raise a suspicion of illegal activity.

147 unauthorised persons/entities were included in the Alert List, of which 21 were added in 2021.

Chart 42: Additions to the Alert List (Based on Type of Activity) in 2021



Guarding The Financial Sector Against Anti-Money Laundering/Combating The Financing of Terrorism (AML/CFT) Risks

Onsite and Offsite Examinations on AML/CFT

The Financial Intelligence Unit (FIU), BDCB concluded one onsite examination to a financial institution in the first quarter of 2021. The onsite examination took an in-depth assessment into the institution’s AML/CFT policies and procedures, and its implementation of preventive measures throughout the institution as required under Criminal Asset Recovery Order, 2012 (CARO), the Anti-Terrorism Order, 2011 (ATO) and the Anti-Terrorism (Terrorist Financing) Regulations, 2013. This was done by examining documents, as well as interviewing relevant officers from different departments and branches.

Due to the second wave of COVID-19 pandemic in Brunei Darussalam, onsite examinations to other financial institutions scheduled for the third quarter of 2021 were postponed. However, in upholding BDCB’s commitment to AML/CFT supervision, BDBC shifted to offsite examinations.

Offsite examination is an ongoing monitoring and review of an institution’s internal control processes based on desktop reviews and analysis of documents provided or published by the financial institutions or Designated Non-Financial Businesses and Professions (DNFBPs) such as policies and procedures documents, audit reports, and responses to the AML/CFT questionnaires.

2021 offsite reviews covered monitoring of remedial actions identified from previous onsite examinations and review of AML programmes based on responses to previous AML/CFT questionnaires on 4 banks, 3 insurance companies, 2 FinTech companies and 1 sector (sectoral review). A thematic review on sanction screening against the Consolidated List of Designated Persons and Entities was also conducted based on responses to surveys issued upon the update of the Alert List throughout 2021.

Supervisory Letters Issued in 2021

27

total issuance

59%

relating to AML/CFT deficiencies relating to possible non-submission of Suspicious Transaction Report (STR)

44%

requirement of screening against Consolidated List of Designated Persons and Entities

Responses received from financial institutions provided a better understanding of the processes that financial institutions have in place and the deficiencies in complying with the AML/CFT requirements.

Risk Assessment

In April 2021, the FIU updated its Money Laundering and Terrorist Financing (ML/TF) Risk Matrix of financial institutions to identify high, medium and low risk financial institutions.

This institutional-level risk assessment matrix allows supervisors to place more focus on institutions identified to pose a higher risk for ML/TF, and place more reliance on institutions that have better capacity and experience in AML/CFT, allowing more time for institutions with deficiencies in controls to make improvements.

The update of the sectoral risk assessment for financial institutions and DNFBPs considers the inherent vulnerability of the sectors, the ML/TF controls that are in place, and money laundering and terrorist financing threats to the sectors. In early 2021, the sectoral risk assessment on DNFBPs was completed while the sectoral risk assessment on financial institutions is expected to be completed in 2022.

APG Mutual Evaluation of Brunei Darussalam

The Asia/Pacific Group on Money Laundering (APG) has begun the Mutual Evaluation Process on Brunei Darussalam in 2020 and was expected to conduct an onsite visit to Brunei Darussalam in 2021 to assess the country's compliance of the international standards on AML/CFT, namely the Financial Action Task Force (FATF) 40 Recommendations.

This onsite visit was postponed due to travel restrictions and the worsening situation of the COVID-19 globally. However, following many countries transitioning to endemic phase, the mutual evaluation process is expected to resume in 2022, depending on travel restrictions as well as the availability of assessors that will be coming from different countries within the Asia Pacific region.

Enforcement Actions

Table 10: Reports and Statistics (Highlights for 2021)

Suspicious Transaction Reports (STR)	
No. of STRs Received	2,603
Intelligence Reports	
No. of Intelligence Reports Disseminated	13 (9 non-STR-based; 4 STR-based)
Cash Transaction Reports (CTR)	
No. of CTRs Received	10,344
Amount Reported in CTRs	BND4.53 million
Requests for Information (RFI)	
Received from Domestic Agencies and Stakeholders	208
No. of Persons	499
No. of Entities	34
Sent to Reporting Entities	161
Received from International Counterparts	6
No. of Persons	3
No. of Entities	7
Sent to International Counterparts	2
No. of Persons	7
No. of Entities	0
Physical Currency or Bearer Negotiable Instruments (CBNI) Reports	
No. of CBNI Reports Received	20
Total Amount Reported in CBNI	BND7,640,936
Reported Entering Brunei Darussalam	17 BND7,614,374
Reported Exiting Brunei Darussalam	3 BND26,562
Reported Transiting through Brunei Darussalam	-

Suspicious Transaction Report (STR)

A Suspicious Transaction Report (STR) is filed whenever a transaction or attempted transaction is found with suspected involvement in a serious offence. A serious offence is any offence that is committed for which the penalty is not less than BND1,000 or more. This includes offences of Money Laundering (ML), Terrorism Financing (TF), and other serious offences.

Total STRs Received in 2021

2,603

Total STRs received

↓ 18%

in total reporting compared to 3,186 received in 2020.

This is largely attributed to the disruption caused by the re-emergence of COVID-19 in Brunei Darussalam in August to November 2021, which led to on-going nationwide implementation of movement restrictions and business continuity plans.

The FIU analyses these STRs to assess the likelihood of the occurrence of any criminal activity. If the suspicion raised is substantiated, the FIU then disseminates the information to the respective law enforcement agency for investigation.

Cash Transaction Report (CTR)

A Cash Transaction Report (CTR) is filed on any cash transaction(s) amounting to BND15,000 or more, or the equivalent in a foreign currency transacted within a day. The CTR requirement was first implemented in June 2014. CTRs are submitted by financial institutions, DNFBPs, and motor vehicle dealers who are registered as reporting entities. CTRs are submitted directly to the FIU through the Integrated Financial Intelligence System (IFIS).

In 2021, the FIU received 10,344 CTRs from reporting entities, where 95% of the reports came from the banking and remittance sector. Following previously observed patterns, these sectors continue to report the majority of CTRs received over the years.

The total monetary value of CTRs received increased from BND3.49 million reported in 2020 to BND4.53 million in 2021. Despite efforts towards a cashless society through the use of digital channels, this increase indicated a higher amount and more frequent use of cash in 2021.

Physical Currency and Bearer Negotiable Instruments (CBNI) Report

The CBNI Reporting requirement was first implemented in August 2011 and requires any persons carrying BND15,000 or more, or the equivalent in foreign currency, across Brunei Darussalam borders to submit a CBNI Report to either a Customs or Immigration officer at the border control post. These reports are then forwarded for digitisation, storage and analysis by the FIU.

As of May 2018, the CBNI Reporting requirement has been expanded to include any persons moving CBNI across Brunei Darussalam borders amounting to BND15,000 or above by cargo, courier, postal service or any other means.

Intelligence Report

Where there are substantiated suspicion of activity relating to ML, TF, or other serious offences, the FIU disseminates the results of its analysis to relevant authorities and stakeholders in the form of Intelligence Reports based on analysis of STRs or other non-STR reports received by the FIU such as CTRs and CBNI Reports as well as research/analysis of other sources of information available to the FIU. These Intelligence Reports aim to assist law enforcement agencies, and other relevant stakeholders in the investigation of criminal activity.

Intelligence Reports disseminated in 2021 decreased by 54% as the FIU shifted from report-based intelligence exchange to a more direct collaborative approach undertaken alongside the FIU's stakeholders. The year 2021 saw increased operational engagement in the provision of intelligence and information during on-going financial investigations and prosecutions. The feedback received from law enforcement agencies that are the FIU's primary stakeholders indicated that the assistance provided whether in the form of Intelligence Reports or direct engagements between an analyst and a law enforcement officer, has been useful in developing financial investigations.

Objective III:

Efficient Payment Systems

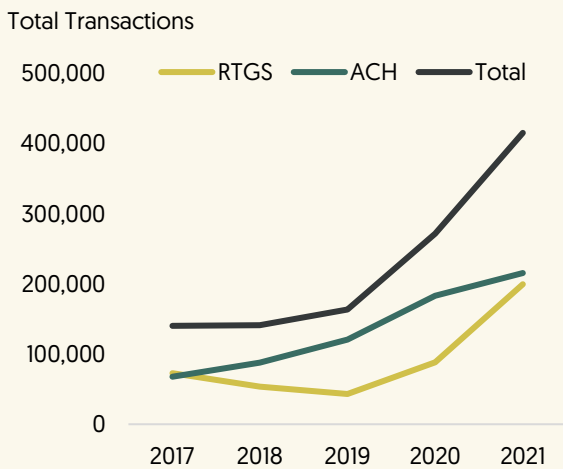
National Payment and Settlement Systems

Despite the challenges of COVID-19, BDCB continued to deliver and uphold its mandate in ensuring the smooth functioning of its national Payment and Settlement systems, consisting of the Real-Time Gross Settlement (RTGS) system, the Automated Clearing House (ACH) system and the Central Securities Depository (CSD) system.

The second wave of COVID-19 has caused a surge in demand for online interbank fund transfers by banks. The total number of customer fund transfers in the RTGS system grew significantly by 126% to 199,600 transactions. Meanwhile, the total number of direct credit transfer in the ACH system continue to record a double-digit growth of 17.6% to 215,000 transactions compared to the previous year.

The increase was largely driven by the customers' preference to use online and mobile banking to initiate fund transfers as a better alternative to face-to-face transactions during the pandemic. To support the financial community, particularly businesses and individuals, on the transition to move towards the endemic phase, the waiver of fees and charges for online local interbank fund transfers has been extended to 30 June 2022.

Chart 43: Interbank Fund Transfer by Customers



Payment System Oversight

Digital Payment Market Development (DPMD) Questionnaire

In efforts to develop Brunei Darussalam's digital payment ecosystem, BDCB carried out a dialogue with the financial industry and relevant stakeholders. The purpose of the consultation was to gather insights and value-added feedback from the industry on the digital payment landscape in Brunei Darussalam.

Following the dialogue with the financial industry and relevant stakeholders, BDCB issued a Digital Payment Market Development (DPMD) questionnaire to determine the current state and trends of the digital payment market in Brunei Darussalam, as well as any developmental efforts, including education and awareness to the public. The information provided qualitative and quantitative insights into the market to assist policy-makers in developing strategies and guidelines to flourish the digital payment ecosystem.

Retail Payment Returns (RPR) Template

With the progressive change in the digital payment market, BDCB has revised the Retail Payment Return (RPR) template to standardise data collection methods from financial institutions. The data is gathered quarterly and include volume and value of transactions by channel, number of merchants offering digital payments, and bank performance. This information will be beneficial to understand customer behaviour, as well as to enhance the adoption of technology in Brunei Darussalam and efficiency of retail banking services, thus further fostering growth and innovation in the retail banking sector.

The development of RPR template involved a wide range of stakeholders, including financial institutions, government agencies and international standard setting bodies.

Objective IV:

■ Sound and Progressive Financial Services Sector ■

Islamic Finance

The Brunei Darussalam Islamic financial sector entered its third decade since the establishment of the first Islamic financial institution, which was an Islamic trust fund, in 1991. The Islamic financial sector has since grown to include 11 fully-fledged Islamic financial institutions, 1 Islamic window and 1 Syariah-compliant BDCB FinTech Sandbox applicant. Over the past 5 years, the total assets held by Islamic financial institutions contributed to more than half of the total assets of Brunei Darussalam’s financial sector.

Chart 44: Total Islamic and Conventional Financial Institutions

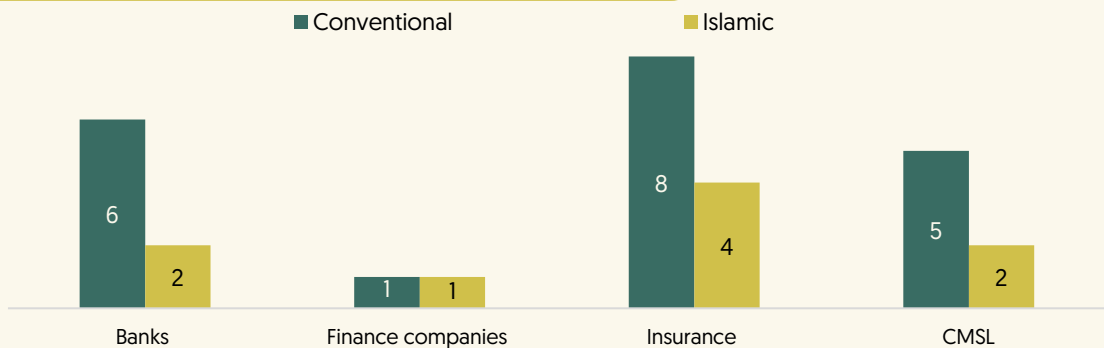


Table 11: Total Assets Held by Islamic Financial Institutions (2017-2021)

Sector	2017	2018	2019	2020	2021
Total Islamic Finance Assets (BND Million)					
Banking and finance companies	12,051.53	12,520.58	13,089.80	12,238.09	13,167.28
Takaful	508.53	543.90	552.99	595.74	610.00
Total	12,560.04	13,055.55	13,635.98	12,833.84	13,777.28
Islamic Finance Growth					
Banking and finance companies	2.56%	3.89%	4.55%	-6.51%	7.59%
Takaful	10.54%	6.97%	1.66%	7.73%	2.40%
Total	2.86%	3.95%	4.45%	-5.88%	7.35%
Islamic Finance Shares					
Banking and finance companies	95.95%	95.83%	95.94%	95.36%	95.57%
Takaful	4.05%	4.17%	4.06%	4.64%	4.43%

Brunei Darussalam practises a two-tier Syariah governance structure in ensuring Syariah compliance of Islamic finance activities. The two-tier Syariah governance structure is as follows:



A centralised **Syariah Financial Supervisory Board (SFSB)**, for which BDCB is the Secretariat to. The SFSB is established under the Syariah Financial Supervisory Board Order, 2006, and acts as the final authority in Brunei Darussalam for the ascertainment of the laws of Islam for the purposes of Islamic financial activities based on Syariah principles.



Syariah Advisory Body (SAB) is set up by Islamic financial institutions to advise the respective institutions on their operations’ Syariah compliance.

Islamic Finance Development Ranking

Ranked 12th out of 135 countries

on overall development in the Islamic finance industry in the Islamic Finance Development Report 2021: Advancing Economies published by Refinitiv.

The Report revealed that, based on 2020 data, Brunei Darussalam achieved 34 points in the Islamic Finance Development Indicator (IFDI), whilst the global average indicator value rose to 11.0 for 2021 compared to 10.8 in 2020.

The Report noted Brunei Darussalam's achievements among the different Islamic finance markets around the world, including:



Top place

in Regulations



Top 5

countries for Research



8th place

in Other Islamic Financial Institutions (OIFI) Assets with a value of USD2 billion (BND2.7 billion)



Top 10

in Takaful Assets with a value of USD0.4 billion (BND540 million)

Brunei Darussalam was acknowledged as one of the countries with continued sizable Sukuk issuances in the Southeast Asian region. The country was also recognised as one of the emerging Islamic financial markets due to the opportunities Brunei Darussalam is creating for Islamic FinTech.

Introduction of Islamic Window

Brunei Darussalam welcomed the inaugural introduction of an Islamic window in the financial sector. In April 2021, Standard Chartered Securities (B) Sdn Bhd became the first conventional financial institution in Brunei Darussalam to be granted approval to offer Islamic unit trusts through an Islamic window in line with Section 23, Securities Market Order, 2013.

It is hoped that the introduction of the Islamic window can bring about positive impact to the economy and financial sector, and encourage more conventional financial institutions to establish Islamic windows where legally permitted.

Dialogues on Islamic Finance

As part of BDCB's commitment to enhance the Islamic finance knowledge in the country, BDCB supported the Brunei Institute of Leadership & Islamic Finance (BILIF) in organising a panel discussion in April 2021 and the Brunei Darussalam Islamic Capital Market Conference (BICAM) in June 2021.

Envisioning Brunei as an Islamic Finance Hub

A virtual panel discussion titled 'Envisioning Brunei as an Islamic Finance Hub' was held on 22 April 2021 to examine the components of an Islamic finance hub and explore Brunei Darussalam's opportunities in pioneering the Islamic finance sector, leveraging on the country's competitive advantages. The discussion heard representatives from BDCB, Universiti Brunei Darussalam (UBD), International Centre for Education in Islamic Finance (INCEIF), Malaysia, and Bank Islam Brunei Darussalam (BIBD).

Brunei Darussalam Islamic Capital Market Conference (BICAM)

BICAM was held in collaboration with INCEIF during the Mid-Year Conference and Exhibition (MYCE) 2021 Islamic Week hosted by the Ministry of Primary Resources and Tourism. The 2-day event was conducted in a hybrid format, where experts, panelists and participants joined both virtually and physically at the International Convention Centre, Brunei Darussalam.



Experts and speakers from standard setting bodies and development banks including Islamic Financial Services Board (IFSB), Islamic Research & Training Institute (IRTI), International Monetary Fund (IMF), and World Bank presented during BICAM. The Conference discussed various issues in relation to Islamic capital market development, and strategies in promoting the resiliency, sustainability, and inclusivity of an Islamic market ecosystem. It also provided an opportunity for participants to understand other countries' experiences on the impact of capital market growth on the economy.



The Conference heard from Her Excellency Sri Mulyani Indrawati, the Minister of Finance of the Republic of Indonesia who gave a virtual keynote presentation on 'Stimulating the Development of Islamic Capital Market Sector: A Story'. The President and Chief Executive Officer of INCEIF, Professor Dato' Dr Mohd Azmi bin Omar also delivered a keynote presentation on 'Fueling an Inclusive and Sustainable Future through Islamic Capital Market'.

Promotion of Islamic Finance

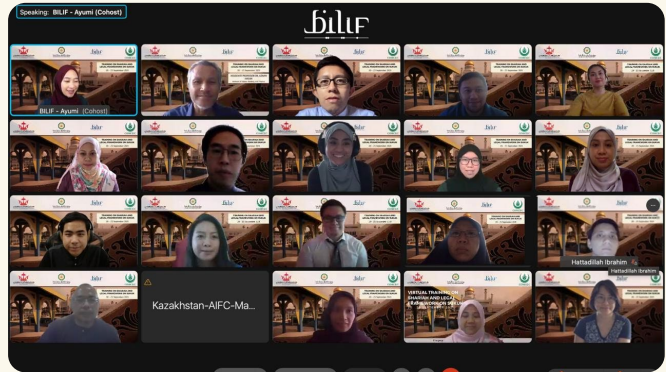
BDCB participated as an exhibitor from 1-6 June 2021 during the Islamic Finance week of the Mid-Year Exhibition and Conference (MYCE) 2021 organised by the Ministry of Primary Resources and Tourism. The event was held at the International Convention Centre, Brunei Darussalam. In line with the theme for the week, 'Heart of Islam', BDCB's main focus centred on its efforts to spur the development of Islamic finance in Brunei Darussalam. BDCB also showcased an overview of the growth of the Islamic finance sector in Brunei Darussalam; BDCB's regulatory and supervisory role in Islamic finance; key concepts in Islamic finance; and Islamic financial literacy.



Standing Committee for Economic and Commercial Cooperation of the Organisation of Islamic Cooperation (COMCEC)

In addition to supporting BILIF in enhancing Islamic finance knowledge, BDCB also collaborated with the Ministry of Finance and Economy (MOFE), Brunei Darussalam in organising the Capacity Building Programme on Sukuk, funded by the Standing Committee for Economic and Commercial Cooperation of the Organisation of Islamic Cooperation (COMCEC) Project Funding.

Esteemed subject matter experts from the International Institute of Advanced Islamic Studies (IAIS), International Centre for Education in Islamic Finance (INCEIF), Institute of Islamic Banking and Finance (IIBF), PT Sarjana Multi Infrastruktur (Persero), World Bank Group Global Knowledge and Research Hub, and MOFE were present to deliver the programme.



The programme was aimed to educate potential Sukuk issuers and other relevant stakeholders on the fundamentals as well as provide comprehensive and practical knowledge on Sukuk, particularly the Syariah and legal framework of Sukuk. At the same time, the programme encouraged discussions and shared practices relating to responsible and sustainable financing through the issuance of Sukuk.

The programme was jointly organised by Indonesia and Malaysia, which consisted of the Virtual Training on Shariah and Legal Framework on Sukuk held from 20-23 September 2021 and the Virtual Workshop on Responsible and Sustainable Finance through the Issuance of Sukuk held on 27 and 28 September 2021.

Participants of the programme were from local financial institutions and associations, as well as other COMCEC member states, namely the Kingdom of Bahrain, Ivory Coast, Kazakhstan, Maldives, Malaysia, Republic of Turkey and United Arab Emirates.

Development of Brunei Darussalam's Capital Market

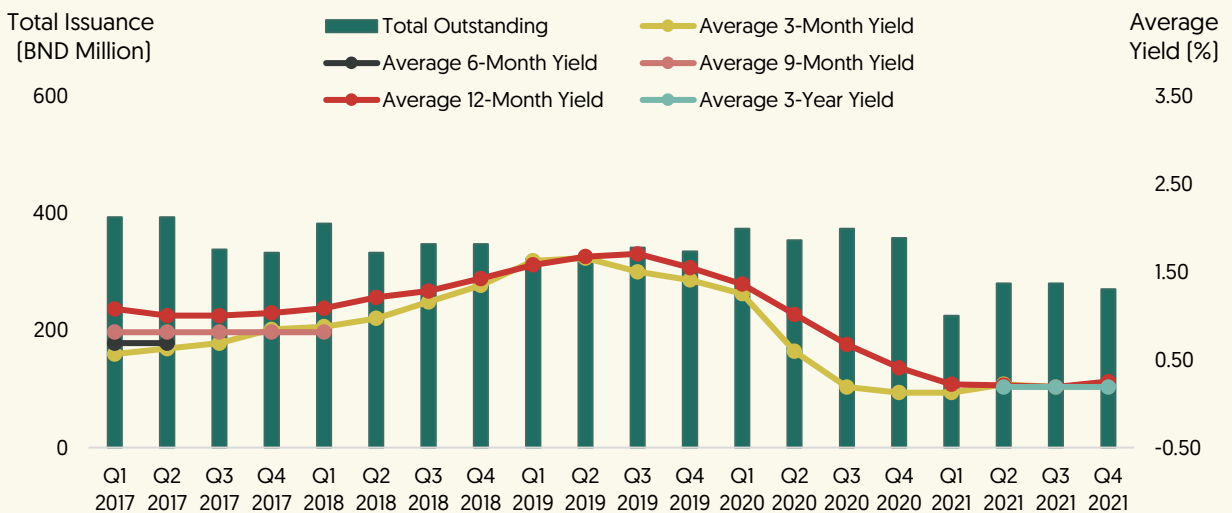
Government Sukuk Al-Ijarah

BDCB, agent to the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam, is responsible for the management and administration of the Brunei Darussalam Government Sukuk Al-Ijarah issuances. The objective of this programme is to develop the Brunei Darussalam Government securities yield curve as a benchmark for corporate sukuk and provide a safe and liquid investment instrument for domestic financial institutions.

The first Brunei Government Sukuk Al-Ijarah was issued on 6 April 2006. Since the inception of this programme, the Brunei Darussalam Government has issued a total of 201 issuances of Sukuk Al-Ijarah securities, with maturities of 3 months, 1 year, 3 years and 5 years, and total value of BND15 billion.

In 2021, 12 sukuk were issued, which comprises of 8 issuances of 3 months maturities, 2 issuances of one year maturities, one issuance of 3 years maturity and one issuance of 5 years maturity. The total outstanding as at 31 December 2021 stood at BND270.0 million.

Chart 45: Outstanding Amount and Average Rental Yield Brunei Government Sukuk Al-Ijarah 2015 -2021



Development of Standardised Legal Documentation Templates for Corporate Issuance of Sukuk Ijarah

As part of BDCB's initiatives to incentivise the development of the corporate Sukuk market in Brunei Darussalam, BDCB has embarked on a project to create standardised legal documentation templates for Sukuk issuance with an aim of reducing the cost of issuances.

This initiative will first focus on Sukuk Ijarah due to its mainstream use worldwide as well as in Brunei Darussalam.

Establishment of Securities Exchange Project

BDCB continued to work closely with MOFE and other relevant stakeholders to ensure the successful development of the securities exchange. This includes closed industry consultations, preparing the relevant rules, and strengthening the legal framework and requirements to ensure sustainability of the exchange. Efforts have also been undertaken by BDCB to create a system to digitalise the listing processes when the securities exchange goes live. This will ensure an efficient listing application and notification that enables future listed companies to comply with the continuous obligations, such as disclosing and publishing company news, periodic reports and prospectuses.

FinTech Regulatory Sandbox

The BDCB FinTech Regulatory Sandbox was established by the Central Bank in February 2017 to support the development of FinTech companies in Brunei Darussalam. The Sandbox provides a relaxed regulatory environment for the companies to test their products and services for a set period of time. The Sandbox participants are able to on-board and engage customers to utilise the products and services offered as part of the testing phase.

Since its establishment in 2017, the Sandbox has seen participants testing various FinTech solutions, ranging from digital remittance, payment and e-wallet services, and peer-to-peer (P2P) lending.

As part of BDCB's commitment to enhance the Sandbox application process, the BDCB FinTech Regulatory Sandbox Working Group was established in January 2021.

The Working Group aims to streamline the application process for Sandbox applicants and reduce applications' turnaround time, particularly for well-understood areas such as payments and digital remittance.

Case Study 1: e-Wallet Services

2021 saw the exit of a Sandbox participant offering e-Wallet services due to commercial decisions. The company made its debut into the Sandbox in August 2018 as one of the first FinTech companies in the Sandbox, where it provided e-Wallet services with no transaction or registration fees for both customers and merchants during the 2.5 years testing period. In ensuring a smooth exit process from the Sandbox, BDCB maintained close engagement with the company, which involved discussions on the company's Sandbox experience and lessons learnt during the testing period.

In November 2020, BDCB issued a Notice on Requirements for Payment Systems, providing a regulatory framework for various types of payment services, including e-money issuance, account issuance, and merchant acquiring services. Despite the company's exit from the Sandbox, the company continues to provide FinTech consultancy services, offering solutions and software to companies interested in operating their own payment system.

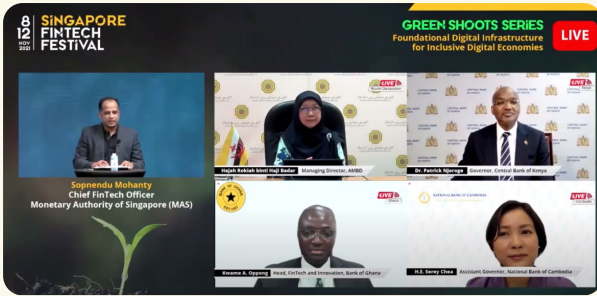
Case Study 2: Digital Remittance and Cross-Border Payments Using Blockchain Technology

In May 2019, the Sandbox received its first applicant testing digital remittance and cross-border payments using blockchain technology. The participation of this company into the Sandbox has highlighted the demand for e-KYC amongst customers to further support and enable digital financial solutions in the country. During its testing period, the company has provided digital remittance to over 58 country destinations across 37 currencies.

The company's two-year testing period granted in 2019 has been extended to May 2022 to allow more time for the company's readiness and the development of an appropriate regulatory framework.

Green Shoot Series on Foundational Digital Infrastructures for Inclusive Digital Economies

On 26 April 2021, the Singapore FinTech Festival (SFF) Green Shoots Series of 2021 was conducted virtually with the theme 'Foundational Digital Infrastructure for Inclusive Digital Economies'. During the panel discussion, Hajah Rokiah binti Haji Badar, Managing Director of BDCB, shared insights on the state of digital infrastructure in Brunei Darussalam as well as the country's digital strategy.



A report on ‘Foundational Digital Infrastructure for Inclusive Digital Economies’ was also launched during the session, led by Ravi Menon, Managing Director of the Monetary Authority of Singapore. The report features country case studies, including developments of digital identity in Brunei Darussalam.

Financial Sector Talent Development

BDCB conducted the first phase of the manpower planning of the financial sector starting with the capital market industry. The study is part of the BDCB Strategic Plan 2021-2025 to support talent development of the local workforce and deepen specialist skillsets for the country’s financial sector.



A virtual workshop was conducted on 28 September 2021 to brief the capital market industry players on the study as well as the Manpower Forecasting Template used to collect data for the study. The Template was provided by the Manpower Planning and Employment Council (MPEC) Secretariat, Prime Minister’s Office. The objectives of the study were to provide a better understanding on manpower demand in the capital market industry, and understand the gaps and requirements for talent in Islamic finance.

Access to Credit

Credit Information Reports (CIR) and Self-Inquiry Report (SIR)

CIR and SIR are credit reports containing the detailed credit information that one has taken up, such as credit card, car, home, personal education financing, electric bills, and telephone and internet subscriptions, from different financial and non-financial institutions.

CIR are provided to the Credit Bureau Members, which comprise of financial institutions and non-financial institutions, such as government agencies and telecommunication companies. On the other hand, SIR are provided to the consumers. This includes individual members of the public and commercial entities/businesses.

Dispute Resolution

A Dispute Resolution is instigated when consumers (both individual and commercial entities/businesses) discover an error in the CIR/SIR generated and decide to pursue an investigation by the Credit Bureau. The process is initiated following the submission of a completed Dispute Resolution Form within 30 days of the CIR/SIR date.

Credit Bureau Repository

Table 12 : Key Statistics On The Credit Bureau's Repository

	2020	2021	% Change
Total Number of Reporting Financial Institutions	11	11	
Total Number of Reporting Non-Financial Institutions	11	11	
Total Accounts	1,323,300	1,449,176	9.5%
Total Individuals	224,032	238,231	6.3%
Total Individual Accounts	1,227,656	1,362,344	11.0%
Active Individual Accounts	347,311	404,310	16.4%
Total Commercial Entities	9,404	10,156	8.0%
Total Commercial Accounts	54,093	86,832*	60.5%
Active Commercial Accounts	13,106	13,019	-0.7%
Historical Records Duration (Months)	132	144	

*Due to an ad-hoc submission exercise of commercial accounts by one of the banks

Credit Facilities Granted

Chart 46: Number of Credit Facilities Granted

52,972

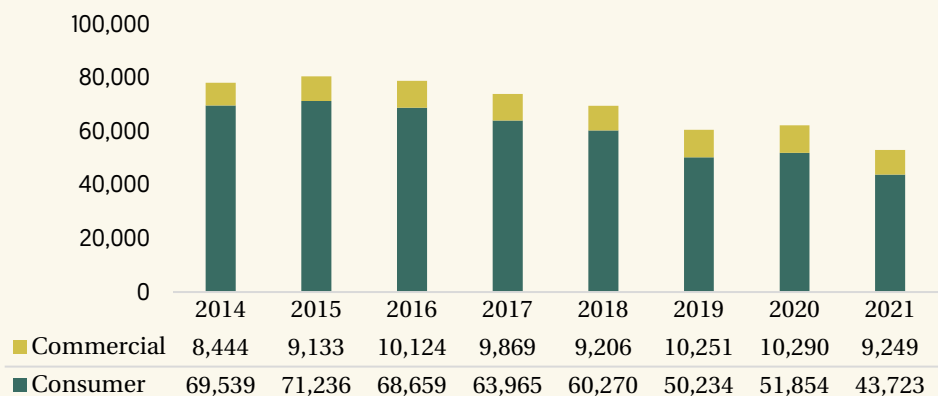
credit facilities granted in 2021

17.5%

granted for commercial entities

82.5%

granted for consumers



Credit Facilities Granted by Type

In 2021, 43.1% of the total granted consumer credit facilities were for personal loans, followed by 43.1% in hire purchase, including vehicle financing, and 9.7% in credit cards. On the other hand, 72.6% of the total granted commercial credit facilities were for trade financing, 12.9% for bank guarantees and 6.1% for term loans.

Chart 47: Type of Credit Facilities Requested by Consumers

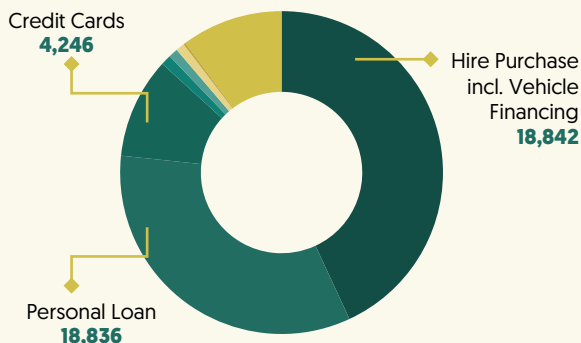
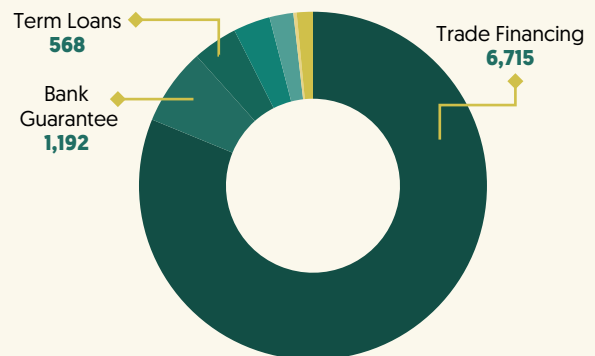


Chart 48: Type of Credit Facilities Requested by Commercial Entities



Credit Information Reports (CIR) Usage

As of 31 December 2021, a total number of 72,425 credit reports were requested from the Credit Bureau Members, a 12.3% decrease from 2021. 94.4% of the total credit reports generated in 2021 was for consumers, while 5.6% was for commercial entities. 86.0% of the total credit report generated by the Members was for New Application Enquiry, while 14.0% was for Monitoring Enquiry, primarily to review existing customers or guarantors.

Chart 49: Number of Credit Information Reports (CIR) Requested by Credit Bureau Members

Top 3 consumer credit facilities requested:

Hire Purchase (including Vehicle Financing), Personal Loan and Credit Cards.

Top 3 commercial credit facilities requested:

Hire Purchase (including Vehicle Financing), Term Loans and Other Revolving Credits.

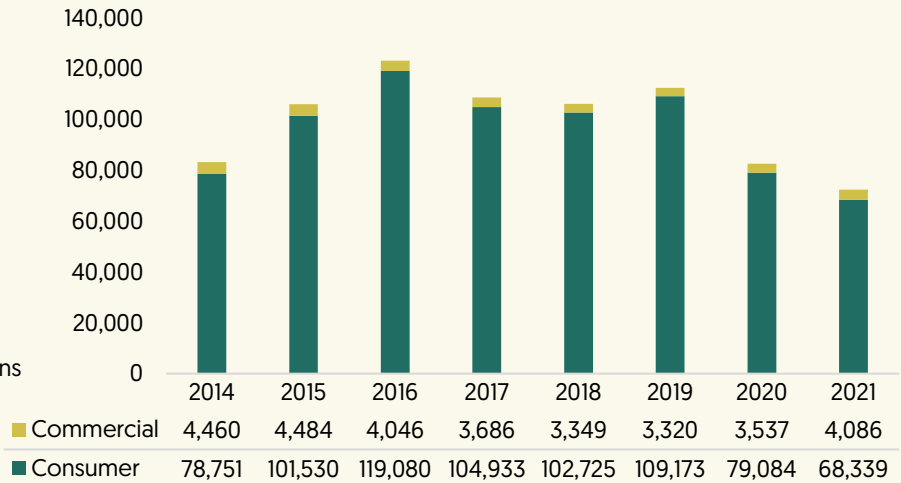


Chart 50: Credit Reports Generated in 2021 By Purpose

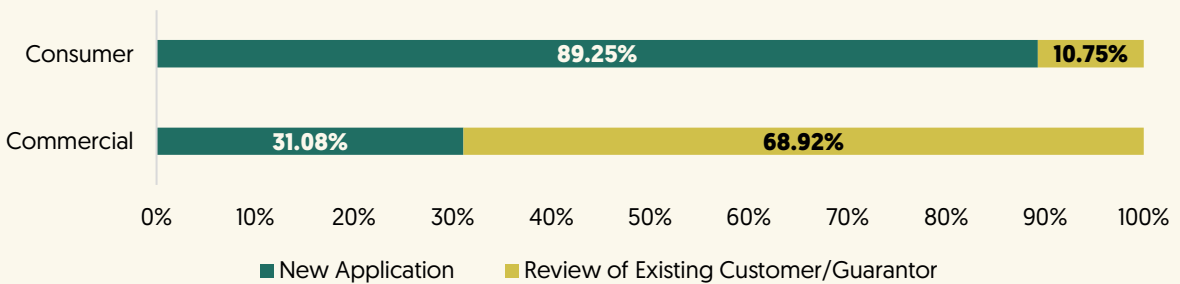


Chart 51: Credit Facilities Requested by Consumer

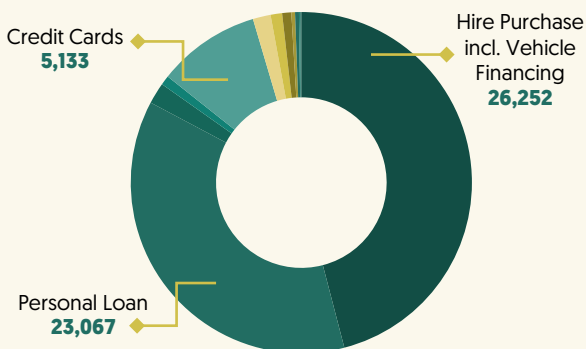
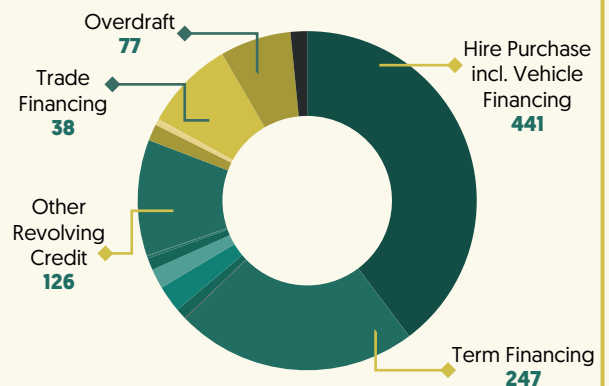


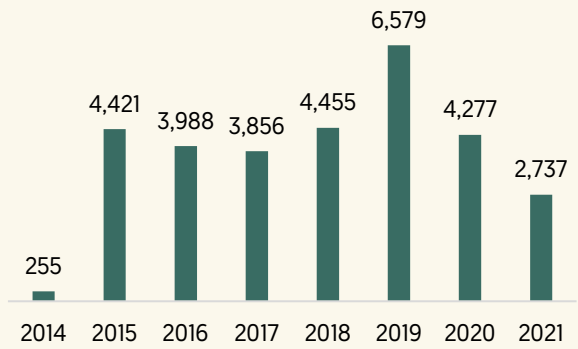
Chart 52: Credit Facilities Requested by Commercial



Self-Inquiry Report (SIR) Requested

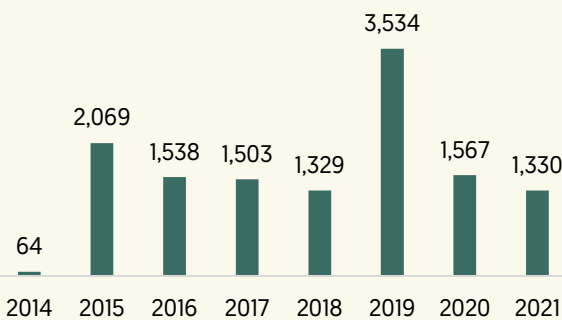
A total of 2,737 self-inquiry reports were generated for the year 2021, a 36% decrease from 2020 largely contributed by the suspension of the Credit Bureau Customer Service Counters for a period of 4 months, i.e. from August to December 2021, due to the COVID-19 pandemic. The Credit Bureau resumed its Customer Service Operations on 15 December 2021. Between 2014 and 31 December 2021, a total of 30,568 self-inquiry reports [SIR] were generated by the Credit Bureau.

Chart 53: Number of Self-inquiry Reports (SIR) Requested



Dispute Resolution

Chart 54: Number of Registered Disputes



Total number of registered disputes

1,330 in 2021

12,934 from 2014 to 2021

The Credit Bureau received a total of 1,330 registered disputes in 2021, where 47.9% of the registered disputes were successfully resolved by the reporting institutions. Between 2014 and 31 December 2021, there was a total of 12,934 registered disputes reported to the Credit Bureau.

Credit Score Distribution

Chart 55: Credit Score Distribution of Applicants in 2021

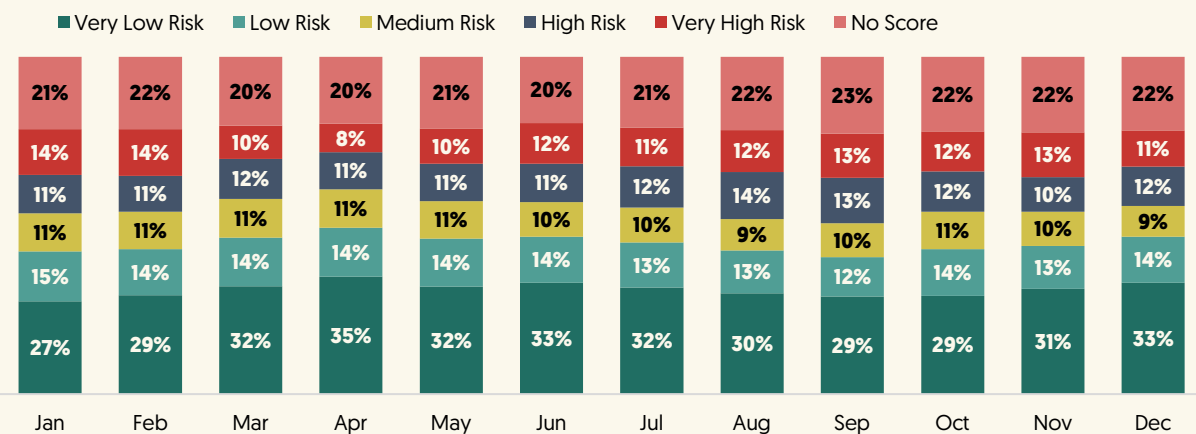


Chart 55 shows the distribution of applicant's credit score in 2021 that was based on the count of Subjects, and not the amount of financing applied by the Subjects.

On average, 45.1% of applicants in the year 2021 are those who have very low and low risk credit scores. Applicants who have no credit score may possibly be due to Subject being new with no existing financing, Subject has all contracts closed before 12 months, or Subject has been inactive for the last 12 months.

The Year Ahead

2021 had proven to be an eventful year for Brunei Darussalam. Brunei Darussalam held the ASEAN Chairmanship in the second year of the COVID-19 pandemic. A resurgence of local transmission cases in August 2021 marked the start of the second wave in Brunei Darussalam which had affected the community and the economy in more ways than the first wave in 2020 which had been quickly contained. As we reached our tenth year milestone, the organisation remains committed in fulfilling its mandates, particularly by implementing BDCB's 5-year Strategic Plan (2021-2025) with the following themes.

Strengthening Resilience and Trust

BDCB will continue its work towards the implementation of robust regulatory frameworks on par with international standards and best practices by engaging with the financial institutions in order to ensure that its existing frameworks are fit to tackle any vulnerabilities.

The Central Bank also plans to further leverage technology while conducting regular surveillance and supervisory engagements with banks and financial institutions through remote or hybrid supervision as an alternative to physical onsite supervision. Such initiative is hoped to increase the frequency of supervisory engagements and broaden participation of attendees from cross-functional or regional offices. The BDCB Licensing and Regulatory Transaction (BLRT) module had been added to the Centralised Statistical System (CSS) and will be rolled out to respective industries in phases. The BLRT will enable new applicants and existing licensees to digitally submit to and receive their licences from the Central Bank.

Furthermore, a set of notice and guidelines on the use of Electronic Know Your Customer (eKYC) for onboarding and ongoing due diligence of customers will be introduced by the Central Bank to support digitalisation of the financial sector.

With the introduction of Technology Risk Management Guidelines and IT Third Party Risk Management Guidelines by BDCB, it is urged for all financial institutions to take greater precautions against cybersecurity threats brought about by increased technological advancements and digitalisation.

Brunei Darussalam's third Mutual Evaluation by the Asia/Pacific Group on Money Laundering (APG), which began in 2020 but was postponed due to the COVID-19 pandemic, is set to resume in the second half of 2022. The Mutual Evaluation will involve the assessment of the country's AML/CFT regime. An onsite visit will be conducted by APG where selected financial institutions will be interviewed by a review team to ascertain a rating on the applicable Recommendations and Immediate Outcomes as outlined in the Financial Action Task Force Methodology. These financial institutions are expected to demonstrate effective implementation of internal controls and governance processes in managing the money laundering and terrorism financing (ML/TF) risks faced.

BDCB will also continue to update the sectoral ML/TF risk assessment on financial institutions to assess the inherent vulnerability of the different sectors by examining ML/TF threats to the sectors and the ML/TF controls that are in place. The results of the assessment will identify those sectors that pose a higher risk for ML/TF. It is expected that financial institutions have a clear understanding of the ML/TF risks they are exposed to, with appropriate mitigating measures in place.

In addition, BDCB expects financial institutions to further consider the interests of financial consumers through responsible market conduct. This includes proper transparency and disclosure, depending on the nature and/or complexity of the products and services being offered.

Developing A Dynamic and Inclusive Financial Sector

The Financial Sector Blueprint 2016-2025 [FSBP] was published by the Central Bank as a guideline to develop a diversified and dynamic financial sector that serves as one of the key enablers in supporting national economic growth and the Wawasan Brunei 2035. With 4 years left to 2025, the BDCB Strategic Plan 2021-2025 was formulated as an additional driving factor to realise the strategic initiatives outlined in the FSBP. The Strategic Plan also aims to transform BDCB into a dynamic central bank that supports a progressive and sustainable economy.

Under the Strategic Plan, the Central Bank sets out to promote and support Islamic finance, sustainable finance, financial technology, and talent development of the financial sector. This includes, amongst others, the development of an Islamic finance roadmap to support Islamic finance and FinTech developments, as well as a sustainable finance roadmap to provide guidance to the financial sector on addressing risks related to climate change. In supporting talent development in the financial sector workforce, the Central Bank will be conducting a manpower study of the financial sector in phases to understand the outlook and demand for manpower for the next 3 years.

Such initiatives envisioned by the Central Bank are hoped to contribute to the Wawasan Brunei 2035, Economic Blueprint for Brunei Darussalam, Brunei National Climate Change Policy, and also the Digital Masterplan 2025.

Enhancing Organisational Capabilities

In ensuring that the Central Bank is effective in executing its mandates prescribed under the Brunei Darussalam Central Bank Order, 2010, BDCB aims to enhance the development of its people and enrich the workplace experience. Human capital development is planned to be carried out through a tailored learning and development framework. Results from the inaugural Employee Engagement Survey conducted in 2021 will enable the development of relevant policies towards creating a more conducive and adaptable working environment for our people.

Weekly updates on market trends and quarterly economic outlook reporting, as well as sharing sessions conducted within the Central Bank, provide a platform for our people to learn from one another and deepen our knowledge together. A Focal Research Forum within the Central Bank has also been set up to look into relevant trends and areas of development for Brunei Darussalam's financial sector.

Community & Outreach

Promoting Financial Literacy in Brunei Darussalam

BDCB recognises the importance of financial literacy in building a well-informed and financially resilient population. As part of BDCB's continuous efforts to raise the level of financial literacy in Brunei Darussalam, BDCB, in collaboration with other relevant government agencies, financial institutions, and international organisations, actively conducts financial literacy programmes. These include financial planning courses, talks, and financial awareness roadshows to target various audiences and age groups. These financial literacy initiatives cover informative, practical and interactive financial-related activities with comprehensive concepts of financial management, such as savings, takaful/insurance, debt management, smart investments and awareness on how to avoid financial scams.

BDCB also regularly organises financial literacy initiatives in conjunction with national, regional and international events, such as Brunei Darussalam's National Savings Day, Global Money Week, World Investor Week and ASEAN Savings Day.

Global Money Week (GMW)

Global Money Week (GMW), is an annual financial awareness campaign built to inspire children and young people to learn about money matters, livelihoods and entrepreneurship. Initiated by Child and Youth Finance International (CYFI) in 2012, it is now organised by the Organisation for Economic Co-operation and Development International Network on Financial Education (OECD/INFE).

'Take care of yourself, take care of your money.' is the official slogan of the Global Money Week 2021. The slogan is hoped to engage youth in learning about financial literacy skills to build financial resilience.

To support this annual celebration, BDCB, in collaboration with the Ministry of Education (MOE) and the Brunei Association of Banks (BAB), organised 'My Banking Experience' to Year 9 students from various secondary schools in Brunei Darussalam in April 2021.

The programme exposed students to the roles and responsibilities of banking institutions in Brunei Darussalam; their products and services on how it can help manage their finances; and concepts of financial management.

GMW: My Banking Experience School Visits

- 5 April 2021 
- 6 April 2021 
- 7 April 2021 
- 8 April 2021 
- 8 April 2021 

List of financial literacy events BDCB organised and participated in

Date	Event Details
10 February 2021	Dasar Belia Negara dan Strategi (DBNS) 2020-2035 Financial Exhibition for IBTE Sultan Saiful Rijal Campus
17 February 2021	Financial Awareness Roadshow for Brunei Shell Petroleum (BSP)
20 February 2021	DBNS Financial Exhibition for IBTE Sultan Bolkiah Campus
4 March 2021	Financial Planning Course for Progresif Sdn Bhd

List of financial literacy events BDCB organised and participated in (cont.)

Date	Event Details
17 March 2021	Financial Planning Course for BDCB Staff
18 March 2021	Financial Awareness Talk for Ministry of Culture, Youth and Sports
25 March 2021	TAP: 10 Years Toward Retirement for Ministry of Finance and Economy
7 April 2021	Financial Awareness Talk for Narcotic Control Bureau (NCB)
8 April 2021	Financial Awareness Talk for Sekolah Menengah Arab Laki-Laki Hassanal Bolkiah (SMALHB)
12 & 13 April 2021	Financial Planning Course for Royal Brunei Police Force
1 to 6 June 2021	Mid-Year Conference and Exhibition (MYCE) 2021 at ICC, Berakas
30 June 2021	Financial Awareness Talk for Royal Brunei Armed Force
7 July 2021	Financial Planning Course for Royal Brunei Police Force
8 July 2021	Financial Awareness Talk for Penghulu, Head Villages and MPK members for Temburong District
13 July 2021	Financial Planning Course for Ministry of Finance and Economy
4 to 8 October 2021	Investor Awareness Week and webinars for BDCB
19 December 2021	Young Professional Network: Open Space on Financial Planning

When the second wave of COVID-19 pandemic started in August 2021, most financial literacy programmes were suspended or postponed. To continue efforts in raising financial awareness, BDCB swiftly leveraged the power of digital platforms and utilised its social media platform via Instagram (@centralbank.brunei) to publish materials on smart money habits to be practised during the outbreak; promote the use of digital payments and financial consumer rights; and raise further awareness on financial scams that were predicted to increase during the period.

Date	Details
28 & 29 January 2021	Financial Comic Strip: Credit Card and Compounding Interest
16 February 2021	Announcement of updated list of FIs Complaint Handling Officers
21 February 2021	Financial Awareness Roadshow at BSP
28 May 2021	BDCB National Savings Day (NSD) Celebratory Post
9 June 2021	NSD2021: Coins Saving Challenge
7 & 8 October 2021	Let's Go Digital
12 & 15 October 2021	Digital Payments
18 October 2021	Beware of Vishing
31 October 2021	ASEAN Savings Day Celebratory Post & Smart Money Habits During COVID-19
29 November 2021 1 December 2021	ASEAN Financial Literacy Conference
13 December 2021	Announcement for Extension of NSD2021: Coins Saving Challenge

Date	Details
29 December 2021	FAQs on NSD2021: Coins Saving Challenge
29 December 2021	End of Year Smart Money Habits
30 December 2021	Awareness on Counterfeit Banknote

Raising Public Awareness on BDCB

BDCB also regularly participates in or organises initiatives to raise public awareness on the roles, responsibilities and mandates of BDCB. This is especially important to build public trust and to maintain relationships with external stakeholders.

In June 2021, a seminar was organised on 3 main themes: Macroeconomic and Monetary Stability; Safeguarding Financial Stability; and Financial Sector Development as part of its efforts to continue socialising its roles and mandates. BDCB also regularly published articles on the issuance and management of the Brunei currency; conducting the country's monetary policy; plans to develop the financial sector; and supervising and regulating banks and other financial institutions in Brunei Darussalam in the form of articles.

Prior to the start of the second COVID-19 wave, the BDCB's Credit Bureau also participated in a number of socialisation activities to promote greater awareness on its roles and functions.

Date	Event Details
13 January 2021	<i>Kursus Induksi bagi Pegawai dan Kakitangan Kerajaan yang Baru Berkhidmat oleh Institut Perkhidmatan Awam</i>
27 January 2021	<i>Taklimat Kursus Induksi Perkhidmatan Awam (In-House) bagi Pegawai-Pegawai dan Kakitangan Kementerian Hal Ehwal Ugama</i>
18 February 2021	<i>Taklimat bagi Program Induksi Perkhidmatan Awam & Program Pembangunan Kapasiti (Pengenalan) kepada Kementerian Pertahanan</i>
4 March 2021	Financial Planning Course for Progresif Sdn Bhd
17 March 2021	BDCB Financial and Investment Awareness Roadshow for BSP
17 March 2021	<i>Kursus Induksi Perkhidmatan Awam (In-House) bagi Pegawai dan Kakitangan Jabatan Penerangan</i>
18 March 2021	Lakastah Bersedia Roadshow by Employee Trust Fund [TAP]
7 April 2021	BDCB Course for Narcotics Control Bureau
14 July 2021	<i>Kursus Induksi Perkhidmatan Awam (In-House) bagi Pegawai dan Kakitangan Jabatan Audit</i>
29 July 2021	<i>Taklimat Peserta Kursus Induksi Perkhidmatan Awam (In-House) bagi Pegawai-Pegawai dan Kakitangan Kementerian Hal Ehwal Ugama</i>
5 August 2021	<i>Kursus Induksi bagi Pegawai dan Kakitangan Kerajaan yang Baru Berkhidmat oleh Induksi Perkhidmatan Awam</i>

BDCB, in collaboration with the Royal Brunei Police Force, also conducted a number of Know Your Banknotes Awareness talks to the public and private sectors. These initiatives were conducted in efforts to continuously create awareness on Brunei Darussalam's currency, particularly in identifying and educating between genuine and counterfeit banknotes.

The series of Awareness talks kicked off in March 2021 for BIBD, and the Anti-Corruption Bureau. BDCB was also invited to showcase Brunei Darussalam's currency and its security features at the Brunei Young Leaders Convention organised by local NGOs, Al-Huffaz Management, Perspective Insan, and Generasi Bekarih. The Know Your Banknotes Awareness talk series concluded in May 2021 to AIA Brunei before the second wave of COVID-19 pandemic hit Brunei Darussalam.

BIBD in March 2021



Participation in Brunei Young Leaders Convention in March 2021



AIA Brunei in May 2021



Increasing Awareness on FinTech Developments

In 2021, FinTech continued to raise awareness on FinTech developments in the country with both external and internal stakeholders. Throughout the year, BDCB participated as panellists at several local and international events, sharing information on the state of FinTech in Brunei Darussalam, our challenges and lessons learnt since the introduction of the Regulatory Sandbox in 2017, as well as how businesses can look into newer technologies or business models particularly in recovering from the pandemic. These events include BDCB's 10th Anniversary Seminar in June 2021, Alliance for Financial Inclusion (AFI) Virtual Training on FinTech Regulatory Sandbox in September 2021, and the 3rd International Conference on Business, Economics and Finance (ICBEF) 2021 in November 2021.

Internally, BDCB held sharing sessions among its employees, touching on topics such as Central Bank Digital Currencies (CBDC) which aimed to provide awareness on CBDC to BDCB staff and the BDCB Central Bank Digital Currencies Working Group (CBDC-WG). Other sessions focused on the differences between retail and wholesale central bank digital currencies, drawing examples from other countries' experiences. BDCB also organised talks covering the opportunities of Islamic FinTech and sharing an overview of current FinTech developments.

Publications

In realising the importance of transparency in communication as well as to continue building and maintaining its relationship with its external stakeholders, BDCB issued over 280 publications throughout the year. These include:



The channels and platforms used include the BDCB website, www.bdcg.gov.bn; BDCB's Instagram account, @centralbank.brunei; and local news outlets.

With the second wave of COVID-19 in the country, it was vital that the interim measures introduced for the banking sector for individuals and businesses affected by the pandemic were adequately socialised. Other educational publications include bite-sized information on the Residential Property Price Index (RPPI) for Brunei Darussalam and the inaugural Business Sentiment Index (BSI) published in early December 2021.

BDCB Corporate Social Responsibility (CSR)

Ramadhan Donation Drive

BDCB organised a Ramadhan Donation Drive in 2021. In carrying out this initiative, BDCB identified families registered under Department of Community Development (JAPEM), Ministry of Culture, Youth and Sports in the Temburong district as well as selected BDCB personnel. The objectives of the donation drive was for BDCB to carry out its social responsibility in alleviating the burden of underprivileged families and to take the opportunity to reap the rewards and blessings during the month of Ramadan.

Donations and funds were collected from BDCB officers and staff to purchase basic necessities and household items for the identified families. The Donation Drive is hoped to foster a sense of responsibility and community among BDCB employees, and encourage BDCB employees to provide support to those in need, in particular to ease preparations for the Hari Raya Aidilfitri celebration.



Breast Cancer Awareness Sharing Session

As part of BDCB's CSR efforts, BDCB organised an awareness session for BDCB officers and staff on breast cancer in October 2021. This was in collaboration with Pantai Jerudong Specialist Centre (PJSC) and Brunei Breast Cancer Support Group (BBCSG). The objective of the session was to increase awareness on the subject through an explanation of the science behind breast cancer, the preventive measures which can be practised daily, and the importance of frequent self-examination and screening for early detection. The session also shared experiences of survivors and ways to care for and support those diagnosed with breast cancer.

The event concluded with a handover of donations collected through BDCB's Pinktober 2020 Donation Drive by BDCB to the President of BBCSG. The Pinktober 2020 Donation Drive was conducted internally amongst BDCB employees to contribute mastectomy bras and breast prosthetics for breast cancer survivors and patients.



COVID-19 Relief Fund Initiative

In light of the second wave of COVID-19 that hit Brunei Darussalam in August 2021, BDCB conducted several initiatives to provide assistance through contributing basic necessities to lessen the burden of frontliners as well as BDCB employees affected by COVID-19 pandemic.

The objectives of the initiative were to foster a sense of care and responsibility among BDCB officers, staff and experts and for BDCB to play a part in supporting the frontliners under His Majesty's Government. BDCB collected a total of BND6,360 which was used to purchase both household items and frontliners' necessities. The official handover of items to frontliners took place at Menglait Sports Centre and was attended by representatives from BDCB and the Ministry of Health.



International Relations



Memberships and International Relations

BDCB is a member of various international standard-setting bodies and actively contributes to the development of international standards by working closely with the following organisations:

- Islamic Financial Services Board (IFSB)
- International Islamic Financial Market (IIFM)
- International Association of Insurance Supervisors (IAIS)
- International Organisation of Securities Commission (IOSCO)
- Financial Stability Board (FSB) - Regional Consultative Group (Asia)



BDCB also regularly contributes to the following regional and international collaboration platforms:

- ASEAN Finance and Central Bank track meetings
- Technical Meeting of Mints in ASEAN (TEMAN)
- South East Asian Central Banks (SEACEN) Research and Training Centre
- Asia/Pacific Group on Money Laundering (APG)
- Egmont Group
- Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation (COMCEC)



ASEAN 2021

2021 marked a significant year as Brunei Darussalam assumed the ASEAN chairmanship at the close of the 37th ASEAN Summit on 15 November 2020. This was BDCB's second time assuming the role of Chair of the ASEAN Central Bank Track in its 10 years of establishment.

Chairmanship Theme

Brunei Darussalam's 2021 ASEAN Chairmanship theme, "We Care, We Prepare, We Prosper", highlights the fundamental areas needed to strengthen ASEAN as a region, and reinforce the spirit of ASEAN Centrality. The theme focused on building a resilient Community; ensuring that ASEAN remains relevant through preparing for the future where its people can seize new opportunities, while overcoming challenges; and creating opportunities for its people to benefit through initiatives that enhance the sustainable prosperity of the region.

ASEAN Financial Literacy Conference

The Conference was held on 1 December 2021 and addressed gaps between policymakers, digital financial service providers, and consumers. The Conference was organised by BDCB in collaboration with the British High Commission in Brunei Darussalam, attracting more than 200 participants from ASEAN and other jurisdictions.

The Conference was a Priority Economic Deliverable (PED) under Brunei Darussalam's 2021 ASEAN Chairmanship and is centred around the national Chairmanship theme. The outbreak of the COVID-19 pandemic has further accelerated developments in the digital space, highlighting the reliance of digital financial technology for both consumers and financial service providers - making it timely for ASEAN to reinvigorate discussions on financial literacy.

ASEAN Taxonomy on Sustainable Finance

The ASEAN Taxonomy Board (ATB) is a body formed under the auspices of the ASEAN Finance Ministers' and Central Bank Governors' Meeting (AFMGM) to develop, maintain and promote an ASEAN Taxonomy for Sustainable Finance (ASEAN Taxonomy) that meets the needs of ASEAN, and takes account of international aspirations and goals.

The Board Members of the ATB comprises representatives from relevant sectoral bodies under the AFMGM process. The ATB is currently made up of 12 members and is chaired by Hajah Noorrafidah binti Sulaiman, Deputy Managing Director (Monetary Operations, Development and International), BDCB.

The ATB announced and released the ASEAN Taxonomy for Sustainable Finance (ASEAN Taxonomy) Version 1 on 10 November 2021 in conjunction with the 26th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26).



BRUNEI DARUSSALAM

2021



ASEAN 2021 Priority Economic Deliverables

In line with the national Chairmanship theme, Brunei Darussalam identified 13 Priority Economic Deliverables (PEDs) under the ASEAN Economic Community (AEC) pillar, which are driven by 3 strategic thrusts: recovery, digitalisation and sustainability. In meeting the PED for the ASEAN Finance and Central Bank Track, BDCB had coordinated and collaborated with a number of national and regional stakeholders.

ASEAN ECONOMIC COMMUNITY DELIVERABLES

- Signing of the 9th AFAS Protocol on Financial Services**
Financial Services liberalisation is part of the core elements in the establishment of the ASEAN Single market and production based including the element of free flow of services. Signing of the 9th AFAS Protocol on Financial Services will deepen ASEAN region's integration as well as enhance intra-regional trade and investment.
- Convene ASEAN Financial Literacy Conferences**
A series of conferences will be scheduled this year, culminating with a Summit to be held in conjunction with ASEAN Savings Day 2021. This will contribute to elevating the level of financial literacy in the region as part of the broad strategy in promoting financial inclusion that will support sustainable and resilient long term economic growth.
- Initiate the development of ASEAN Taxonomy on Sustainable Finance**
The AEC 2025 Blueprint recognises the importance of sustainable economic development as an integral part of the region's growth strategy. As part of recovery and long-term growth strategy, an ASEAN taxonomy for sustainable finance will be an important tool in assisting investors to identify "sustainable" projects and prevent market fragmentation.

2021 ASEAN Central Bank Track Process

Under 2021 ASEAN Chairmanship, BDCB assumed the role of Chair of the ASEAN Central Bank Governors Meeting and its related events.

BDCB's Role	Meetings
Co-Chair	ASEAN Finance Ministers' and Central Bank Governors' Meeting (AFMGM)
Co-Chair	ASEAN +3 Finance Ministers' and Central Bank Governors' Meeting (AFMGM+3)
Chair	ASEAN Central Bank Governors' Meeting (ACGM)
Co-Chair	ASEAN Finance and Central Bank Deputies Meeting (AFCDM)
Co-Chair	ASEAN +3 Finance and Central Bank Deputies Meeting (AFCDM+3)
Co-Chair	ASEAN Senior Level Committee (SLC)
Chair	ASEAN Capital Markets Forum (ACMF)
Chair	ASEAN Taxonomy Board (ATB)
Co-Chair	ASEAN Finance and Central Bank Deputies Meeting-Working Group (AFCDM-WG)
Chair	ASEAN Capital Markets Forum (ACMF) Deputies Meeting
Co-Chair	ASEAN +3 Task Force Meeting
Co-Chair	ASEAN Working Committee on Capital Account Liberalisation (WC-CAL)
Co-Chair	Joint Meeting on ACMF and Working Committee on Capital Market Development (WC-CMD)
Co-Chair	Regional Comprehensive Economic Partnerships Sub-Committee on Financial Services (RCEP SC-FS)

ASEAN Central Bank Governors and Financial Institutions Chief Executive Officers Dialogue

The Dialogue was held virtually on 29 March 2021, marking the start of the ASEAN Central Bank Governors Meeting under Brunei Darussalam's Chairmanship. The Dialogue was chaired by Hajah Rokiah binti Haji Badar, Managing Director, BDCB and was attended by ASEAN Central Bank Governors, their representatives, and participants from banks associations from ASEAN Member Countries. The Dialogue serves as an avenue for ASEAN Central Bank Governors and ASEAN Financial Institutions CEOs to exchange views on possible approaches for policymakers and industry players to collaborate in advancing the ASEAN Financial Integration agenda.

ASEAN Central Bank Governors' Meeting (ACGM)

The 17th ACGM convened virtually on 30 March 2021. The meeting was chaired by Hajah Rokiah binti Haji Badar, Managing Director, BDCB. In attendance were the ASEAN Central Bank Governors, their representatives, and members of the ASEAN Secretariat. The meeting discussed and endorsed the progress report of financial integration initiatives under the purview of the ASEAN Senior Level Committee on Financial Integration and key takeaways from the ASEAN Financial Institution CEOs and Central Bank Governors Dialogue.

ASEAN Capital Markets Forum (ACMF)

BDCB was represented by Hajah Rashidah binti Haji Sabtu, Deputy Managing Director, Regulatory and Supervision as the ACMF Chair, supported by Pengiran Hajah Faadzilah HF binti Pengiran Dato Paduka Haji Abu Bakar, Executive Director (Capital Market) as the Deputy Chair for Brunei Darussalam. As Secretariat, BDCB was responsible for hosting the ACMF Chairs' and ACMF Deputies' Meetings and to coordinate all administrative-related matters relating to ACMF. These international and regional meetings were held from January until November 2021.

G20 Observer

As the ASEAN Chair for 2021, Ministry of Finance and Economy, Brunei Darussalam and the Central Bank jointly attended the following G20 Finance Track meetings as observers:

- G20 Finance Ministers and Central Bank Governors Meeting
- G20 Finance and Central Bank Deputies Meeting
- G20 Working Group Meetings

Snapshots of International and Regional Meetings



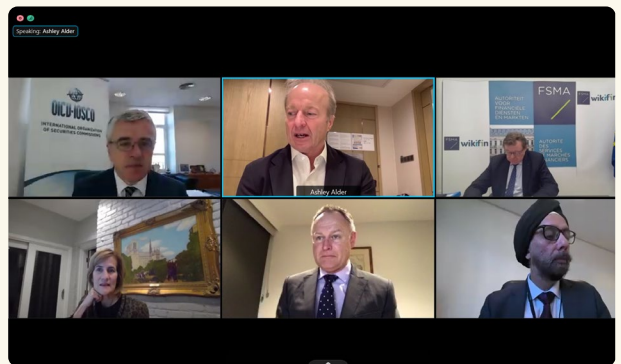
17th ASEAN Central Bank Governors Meeting [ACGM], 30 March 2021



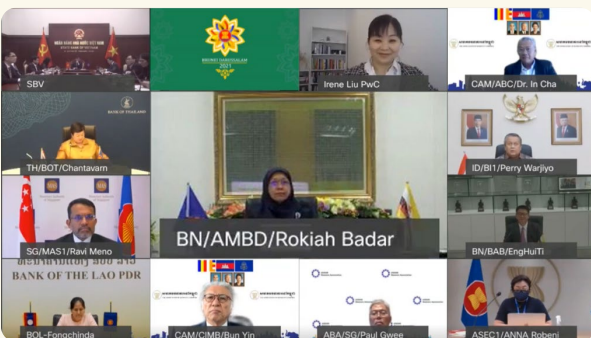
35th ACMF Chairs' Meeting, 18 October 2021



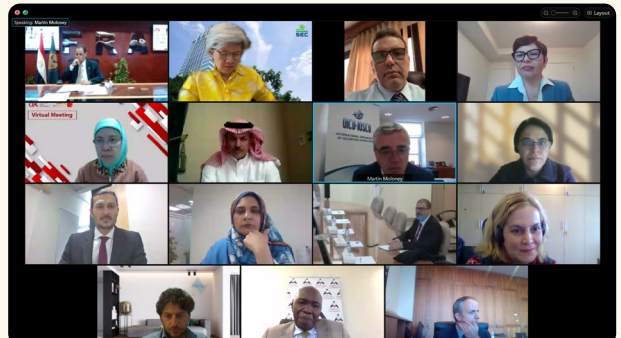
34th ACMF Chairs' Meeting, 15 March 2021



46th IOSCO Annual Virtual Meetings, 8-16 November 2021



2021 CEOs Dialogue, 29 March 2021



IOSCO Growth and Emerging Markets Committee Meeting 11 November 2021

The SEACEN Centre

Brunei Darussalam has been a member of The South East Asian Central Banks (SEACEN) Research and Training Centre since 2003. The SEACEN Centre aims to build capacity in central banking and foster networking and collaboration through its learning programmes, research work, and networking and collaboration platforms.

In 2021, Hajah Rokiah binti Haji Badar, Managing Director BDCB had been appointed as the Chair of SEACEN Board of Governors Meeting (SEACEN BOG). The SEACEN BOG has the highest policy-making responsibility within the SEACEN Centre and is comprised of Governors from member banks. The SEACEN BOG Meeting is held once annually, in conjunction with the SEACEN Governors Conference and High-Level Seminar, and is hosted by the member bank of the Chair of the SEACEN BOG. As the Chair of SEACEN BOG, BDCB also held the position of Chair of SEACEN Executive Committee Meeting (SEACEN EXCO).

Financial Intelligence Consultative Group (FICG)

The Financial Intelligence Consultative Group (FICG) is an information exchange platform for financial intelligence units in ASEAN countries including Australia and New Zealand. The establishment of FICG aims to promote, enhance, and strengthen collaboration on anti-money laundering and counter-terrorism financing activities. As a member of FICG, BDCB FIU attended teleconferences on 4 March and 15 September for progress updates on the 4 work streams; Information Sharing Platform (ISP), Anti-Money Laundering (AML) work stream, Southeast Asia Counter Terrorism Financing (SEA CTF), and Private Sector work stream.

FIU is also part of Southeast Asia Counter Terrorism Financing Working Group (SEA CTFWG) which is facilitated by FICG. The SEA CTFWG aims to develop appropriate work projects aimed at identifying ways to disrupt terrorist groups' sources, fund utilisation and financial networks in the Southeast Asian region. BDCB FIU attended a meeting on 9 March 2021 to discuss the SEA CTFWG report outlining methods of terrorism financing (TF) information sharing.

Egmont Working Group Meeting and Plenary Meeting

BDCB Financial Intelligence Unit (FIU) is a member of the Egmont Group of Financial Intelligence Units since 2014. In 2021, 2 meetings were held with the Egmont Working Group as well as Egmont Group Plenary on 29 January until 10 February and 25 June to 9 July, respectively. The meetings discussed the challenges faced by FIUs in combating money laundering, associated predicate offences and terrorist financing, especially in the areas of international cooperation, information sharing and development of financial intelligence.

Furthermore, the FIU was appointed as Vice-Chair to the Information Exchange Working Group (IEWG) as well as one of two Regional Representative in Asia-Pacific Regional Grouping (APRG). These appointments marked a significant achievement for BDCB which serves as an opportunity for Brunei Darussalam to increase its efforts in combating money laundering and terrorist financing, globally and regionally.

Islamic Financial Services Board (IFSB)

The IFSB seeks to promote the stability and resilience of the Islamic financial services industry through the issuance, and facilitating the implementation, of global and prudential and supervisory standards and other initiatives that foster knowledge sharing and cooperation.

Brunei Darussalam is a full member of the IFSB and is represented by Hajah Rokiah binti Haji Badar, Managing Director as a member of the IFSB Council. BDCB continues to support the initiatives of the IFSB and actively participates in the working groups and task forces to establish IFSB Standards, Technical Notes and others. BDCB is also represented in the IFSB Technical Committee.

Memorandum of Understanding (MOU)

In February 2021, BDCB signed an MOU to promote the exchange of information during activities of the Digital and Technology Network (DTN) of the ASEAN Cybersecurity Resilience and Information Sharing Platform (CRISP) with other central banks from ASEAN member states.

Under the MOU, the central banks will be able to coordinate and cooperate with one another in understanding cybersecurity events in their respective regions. The MOU will facilitate the learning of practical methods and best practices on organisational readiness and governance, as well as, preventive and mitigating actions.

Organisational Development

Activation of BDCB Corporate Pandemic Business Continuity Plan

BDCB Corporate Pandemic Business Continuity Plan (BCP) was activated in August 2021 following the Ministry of Health's announcement on the detection of a local transmission case of COVID-19 in Brunei Darussalam. In line with recommended national COVID-19 measures, BDCB's BCP aimed to ensure the safety and welfare of BDCB's employees, while at the same time ensuring and preserving BDCB's ability to deliver its key mandates. These included:

- Stricter controls through alternative working arrangements to ensure minimal physical interaction between BDCB employees;
- Greater consideration for health and safety including necessary supply of Personal Protective Equipment (PPE) to BDCB's essential employees and regular disinfection of workspaces;
- Provision of alternative arrangements for public and counter services as well as stakeholder activities;
- Prioritising more significant BDCB objectives and deliverables; and
- Increased digitisation and digitalisation in BDCB for continuity of operations.

Developing Our People

BDCB believes that its strength lies in its people and continues to put a strong emphasis on developing its people. In 2021, BDCB's investment in the development of human capital amounted to the equivalent of 3% of total gross salaries of BDCB employees, an increase from 2.59% in 2020. Employees were given the opportunity to attend various programmes, conducted both in-house and externally, with a majority being delivered through virtual platforms. This includes access to various international learning and development programmes. Furthermore, BDCB encourages our employees to develop themselves by taking on acting and dual roles, which provide them with the opportunity to undertake tasks outside their main role and responsibilities. This encourages them to continually develop their skills and enhance their value.

Key Highlights in 2021

11 employees pursued professional credentials and certificates

12 new employees



In accordance to BDCB's core value of achieving excellence, BDCB has also sent

15 high-performing managers
6 high-level executives

to attend leadership programmes organised by BILIF, conducted between August to December 2021.

These are the Young Executive Leadership Programme (YELP) and the Senior Executive Advanced Leadership Programme (SEAL). These programmes were designed to equip BDCB's leaders with strategic thinking and innovation skills, as well as insights on empathetic and Islamic leadership styles.

Snapshots of Capacity Building Programmes and Trainings

Being a member of SEACEN, Brunei Darussalam is able to participate in its various learning programme, research work and other initiatives.

In 2021, BDCB hosted 2 live courses namely "SEACEN Leadership Masterclass I: Leading with Emotional Consciousness" as well as "Data Analytics and Supervisory Technology (SupTech) Course".

Managing Risks in a Pandemic and Internal Controls

One of the main responsibilities of BDCB is to issue currency banknotes and coins in Brunei Darussalam. To ensure the currency in circulation was sufficient, the continuity of the business processes remained as a priority. Banking operations between banks in Brunei Darussalam and BDCB continued despite the strict control measures imposed by the Government. As part of an essential service provider, BDCB continued its currency management operation with 2 teams split up but with limited operating capacity.

BDCB made some operational changes in response to the government restrictions that came into effect as the COVID-19 cases surged. As the majority of BDCB staff were working from home, a limited number of BDCB staff had to work onsite to carry out critical cash operations. For the first 2 months of operating at the start of the second wave in August and September, operations and notes processing were conducted twice a week. However, as demand for notes and coins showed no sign of slowing down, one additional day was introduced to increase the capacity for notes processing. As BDCB returned to Work From Office, employees started to work on a 2-week rotational basis although still in split teams. It was crucial to do processing “catch up” and prepare for full operations to meet market demand.

During the BCP mode, coin minting operations also continued. This required managing the arrival shipment of coin blanks as well as the outbound of coin blanks despite the limited number of manpower and other several challenging factors due to the COVID-19 situation.

Precautionary measures such as disinfecting and quarantining our currency for a span of 3 days have been in place since the first wave of the COVID-19 pandemic. This follows international best practices conducted by other central banks. Operations continued as normal and safety measures were put in place with regards to issuing and redeeming of notes from banks through AEGIS.

Regular communications was maintained with all banks in Brunei Darussalam during the second wave of the COVID-19 pandemic through advisory letters and emails informing banks to continue their operations safely in line with their respective business continuity plan. Banks were also advised to undertake measures on keeping sufficient cash to meet customers' daily demands and conduct interbank transactions with other banks for the purchase and selling of cash.

Managing incoming shipment of coin blanks



SEACEN Leadership Masterclass I: Leading with Emotional Consciousness

BDCB hosted a virtual course on SEACEN Leadership Masterclass I: Leading with Emotional Consciousness from 3-7 May 2021. This Masterclass aimed to provide participants with a deeper understanding of one's self and to heighten awareness on how their behavior might affect others. The course was designed to enable participants to reach individual goals as well as to increase workplace collaboration by focusing on the development of self-awareness. With this, it is hoped participants can better manage emotions and adopt skills in building emotional resilience.

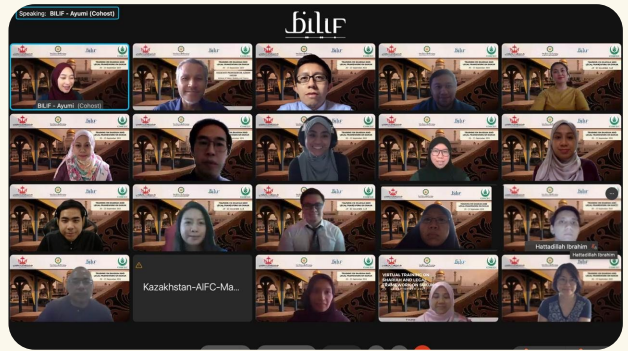
This interactive course was conducted virtually which comprises of blended learning such as individual EQ assessment, participant pre-work, goal setting, reflective practices and small group coaching sessions.

Data Analytics and Supervisory Technology (SupTech) Course

BDCB hosted a virtual course on Data Analytics and Supervisory Technology (SupTech) from 30 August to 3 September 2021. This course is designed to assist supervisors and regulators in SEACEN member central banks and monetary authorities to understand developments relating to big data and data analytics within the context of banking supervision.

The course examined various types of data sets in terms of complexity, accessibility, and quality, which can be harnessed into useful information. This information can be analysed to reveal patterns, trends, and associations for supervisors which will assist in decision-making purposes. Participants also discussed the issue and challenges of data structure and governance as well as the different types of SupTech applications developed in the financial industry.

Other in-house training programmes



BDCB also conducted 5 in-house training programmes in 2021, including Innov8 - Unleash Your Creative DNA for Critical Thinking and Complex Problem Solving in February, and Business Writing Skills in October, which were organised by BILIF.

A Better Work Environment

BDCB has managed to react and accommodate positively to the new norm and changes and challenges that came with it. Many internal BDCB processes had been digitised to support remote work and minimise paper wastage. Through the efforts and constant guidance from BDCB Management, and in extension from BDCB Workplace, Safety and Health Committee (WSH) and BDCB Crisis Management Team Committee (CMT), the workforce has assimilated good virtual kinship and strive through in solidarity. This is evident from the Employee Welfare Survey conducted by Human Resources in late November 2021, whereby more than

70%

Respondents to an internal survey agreed to BDCB showing great care and support towards the workforce who were working from home or in the office during the ongoing pandemic.

Engaging Our People

BDCB recognised the challenges of remote work, long periods of staying at home and lack of social and physical engagements on our employees mental and physical health. Initiatives were carried out to reinforce closer engagement while working from home. These included daily recital of Surah Yassin and several virtual talks centred on maintaining work productivity, morale and mental health amidst the pandemic. To further support employees' well-being, there were 5 virtual engagements hosted by BDCB Human Resources from Q3 to Q4 2021.



Talks were delivered by:

- Mr. Todd McPherson, counselling psychologist and the managing director of BDCB's Counselling counterpart, Clarity Sdn. Bhd. on the topic of "Managing Anxiety";
- Siti Nadzirah binti Haji Abdullah, a local psychologist from the Health Promotion Centre, Ministry of Health, on the topic of "Managing Burnt-Out While Working from Home";
- Ustaz Mizi Wahid, an international guest speaker and best-selling author, on the topic "How to Rise Above Stress and Anxiety at The Workplace";
- Ustaz Yussof Majid, a local officer from Ministry of Religious Affairs, on the topic "Mindfulness: To Maintain Mental Wellness and Boost Productivity"; and
- Ustazah Hanisah binti Haji Othman, entitled "Doa Workshop: Finding The Lost Connection".

BDCB also held a Trivia Quiz to further increase engagement amongst employees. Employees competed and answered questions such as guessing their baby photos and interesting facts about BDCB employees.

A Connect 5 Challenge was also conducted where employees were required to complete missions at home in order to stand a chance to win prizes.

Returning to Work from Office

In preparation for the early endemic phase in November 2021, BDCB carried out a survey to seek employees' level of readiness to return to the office. Concerns raised included:

- Familial commitments, such as caring for newborn/toddlers/elderly;
- Adapting to new processes on returning to work onsite, such as wearing face mask at all times;
- Health and Safety, in particular the possibility of getting infected by the virus; and
- Personal preference, such as finding safety and comfort to work remotely from home.

To address these concerns, BDCB implemented several initiatives such as vaccination checks and bi-weekly antigen tests, face masks and hand sanitisers to be made readily available, appropriate working arrangements for employees in need, maintaining adherence to common etiquette during COVID-19, as well as implementing routine sanitisation of common spaces/offices/work stations.

Towards A Learning and Leading Organisation

BDCB Elevate! (2021)

BDCB launched its inaugural hackathon event on 15 November, called BDCB Elevate! This initiative is in line with BDCB's Strategic Plan 2021-2025 to encourage a work culture that values diverse ideas and experimentation as well as collaboration.

6 teams participated in this year's event. The goal is to implement the most viable solution which could progressively impact the organisation as well as ensure BDCB moves towards becoming a leading and learning organisation. In light of COVID-19, this year's theme was related to staff welfare, particularly, work-life balance. The teams were tasked to address concerns relating to work life and personal life balance and provide suggestions on how to improve employees' productivity, mental health and performance.

A briefing session was conducted prior to the event to provide tips on design thinking, mind mapping and business model canvas, as well as pitching tips.

Each team was given 1 week to produce a proposal before presenting to a panel of judges. BDCB Elevate was held virtually through the Webex platform with BDCB Executive Management as well as guest judges from UBD School of Business, and Health Promotion Centre.

Team Elevators won first place with their proposal of adopting a culture that is human-centric, flexible and proactive while leveraging on data analytics. The team highlighted that COVID-19 has accelerated the need for digitalisation which will transform the future of work. The proposal also took on a people-focused approach, highlighting the benefits of remote working as well as nurturing a positive work environment.



Upholding Independence and Objectivity

Internal Audit

Internal Audit provides independent, objective assurance and consulting activities designed to add value and to improve the performance of BDCB's operations. In doing so, it assists in accomplishing its objectives by bringing a systematic and disciplined approach to the evaluation and improvement of the effectiveness of governance, risk management and control processes. To maintain its independence, Internal Audit reports functionally to the Audit Committee and administratively to the Managing Director. The Head of Internal Audit is also the Secretariat for the BDCB Audit Committee.

In 2021, Internal Audit conducted a range of activities especially after the recalibration of its work plans for the second half of 2021 as the COVID-19 pandemic continued to evolve effecting the second remote working arrangement within BDCB. Key reviews were completed covering Back Office Settlement and payroll processes. In particular, during the second half of the year, Internal Audit assisted several key functions to review new control measures that are needed to be implemented to cater to remote working.

Audit activities are conducted in conformance to the requirements of the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing. Its key principles are embedded in all of the audit approaches in assessing BDCB's control environment.

Following the first independent quality assessment conducted in March 2020 and upon completion of recommendations from the IIA, in November 2021 the IIA Australia confirmed that Internal Audit's current state position of conformance with the Internal Audit Standards is now at 100%. In addition, the Internal Audit team are now accredited in 'Internal Audit Quality Assessment Validation'.

The Establishment of BDCB Governance Framework Project

In line with BDCB Strategic Plan 2021-2015 to enhance the effectiveness of our organisation, BDCB will focus on enhancing our corporate governance against international best practices. A working group has been established to oversee this project.

SWIFT Customer Security Programme (CSP) Independent Assessment

The Customer Security Programme (CSP) Independent Assessment was introduced by the Society of Worldwide Interbank Financial Telecommunication (SWIFT) to assist organisations in ensuring cyber defences are up-to-date and effective. This assessment is mandatory as it aims to attest the compliance level of BDCB's Payment and Settlement System against the baseline.

Prior to the mandatory attestation in December 2021, BDCB Internal Audit played a role in ensuring recommendations provided previously from the World Informatix Cyber Security (WICS) are implemented efficiently. This included facilitation of outsourcing services to 2 local third party vendors for the rectification of 2 significant technical requirements.

Operational Risk Management

Operational Risk Management (ORM) Cycle 2021

There are 2 steps in assessing and mitigating BDCB's operational risk.

1 • BDCB ORM Horizon Scanning 2021

As part of BDCB's Operational Risk Management Cycle for 2021, Risk Management included the Risk Horizon Scanning process, defined as "a systematic examination of information to identify potential threats, risks, emerging issues, and opportunities allowing for better preparedness".

This process provided insight on the types of risks and concerns from Executive and Senior Management, as well as the Risk Management Committee while benchmarking against other organisations globally in order to provide focus for further operational risk analyses. This process allowed BDCB to identify the Top 10 Risks for 2021 in BDCB.

2 • Criticality Assessment and QuickScan

Based on the identified Top 10 Risks in BDCB which considered the perceived risk impact and likelihood as well as the respondents' views on the current control environment, Risk Management identified the key internal stakeholders to take part in the ORM Cycle 2021 via the following processes:

- Criticality Assessment which aims to identify the critical processes and/or functions in BDCB relevant to the Top 10 Risk Areas identified; and
- QuickScan which aims to identify and assess the operational risk events that is likely to occur under each critical process and/or functions as well as to assess its risk impact to BDCB.

The above process allows BDCB to further identify and prioritise key areas for mitigation, allocation of internal resources, and subsequent risk monitoring.

Tabletop Testing: Crisis Management Team (CMT)

As part of BDCB's efforts to ensure a holistic pre-crisis preparedness for the organisation, a Tabletop Walkthrough Testing for the Crisis Management Team was conducted in the first half of 2021. It aimed to assess and prove the robustness and practicalities of the documented policies and plans under the Resilience Programme, where applicable, and validate the effectiveness of the current governance structure under the programme.

Cybersecurity Readiness Initiatives

Cybersecurity Readiness Mandatory Assessment

Starting 2021, all BDCB personnel are required to undergo a Cybersecurity Readiness Mandatory Assessment. The assessment is a crucial part of Cybersecurity Awareness Training to strengthen BDCB's cybersecurity readiness, which will be conducted annually. The objective is to build a better cyber-aware culture at work. This is to ensure BDCB personnel are aware of cyber risks associated with their daily operations and routine work and are able to handle cyber threats that may affect BDCB's operations.

Cybersecurity Awareness Month

BDCB celebrated its 3rd Cybersecurity Awareness Month in October 2021. Regardless of how strong an organisation's firewalls or anti-virus software are, people are known to be the weakest link in the Information Security Chain. The objective of the awareness month is to increase awareness on cybersecurity as a critical part in any organisation and everyday life.

Various activities were held during the Cybersecurity Awareness Month such as training, information security sharing sessions, cybersecurity games and quizzes.

MOU with Cyber Security Brunei (CSB)

In December 2021, BDCB signed an MOU with Cyber Security Brunei (CSB) to formalise the cooperation in cybersecurity between both agencies. Under the MOU, the agencies will establish an information-sharing mechanism for cyber threats and risks, as well as to streamline cybercrime intelligence exchange and incident reporting procedures. Both agencies also agreed to collaborate on cybersecurity education, capacity building, technical cooperation and relevant cybersecurity initiatives.



EVENT CALENDAR



CYBERSECURITY AWARENESS MONTH 2021 #BeCyberSmart

Some of the highlights of this year's awareness month was the Security Awareness Training by BruCERT for all BDCB personnel which focused on Working from Home (WFH). The event was attended by more than 135 personnel including the BDCB Managing Director and Executive Management.

Information Security Management System (ISMS)

Information Security Management System (ISMS) is a framework consisting of a set of control safeguards for information security and privacy. In 2021, the Risk Management Committee endorsed 2 information security policies, namely:

1 • Corporate Information Security Policy Statement

This is a statement from BDCB to demonstrate its commitment and assurance to protect BDCB employees, properties, information, reputation and customer's information from potential threats internally and externally.

2 • BDCB Data Privacy Policy

This policy outlines the necessary steps taken in collecting personal information about BDCB customers, the way information is utilised, security of the storage and individual rights in relation to it. In summary, the policy included the following:

- The types of personal data which BDCB may need to process;
- Collection and processing method of personal data;
- Appropriate security measures to preserve confidentiality of personal data;
- Use and disclosure of the personal information;
- Retention of personal data and information; and
- Accuracy of the information.

BDCB On-Boarding Programme: ISMS

The Information Security Management System Working Group conducted a pilot session of the BDCB On-Boarding Programme on 15 June 2021. A total of 12 recruits participated in this session.

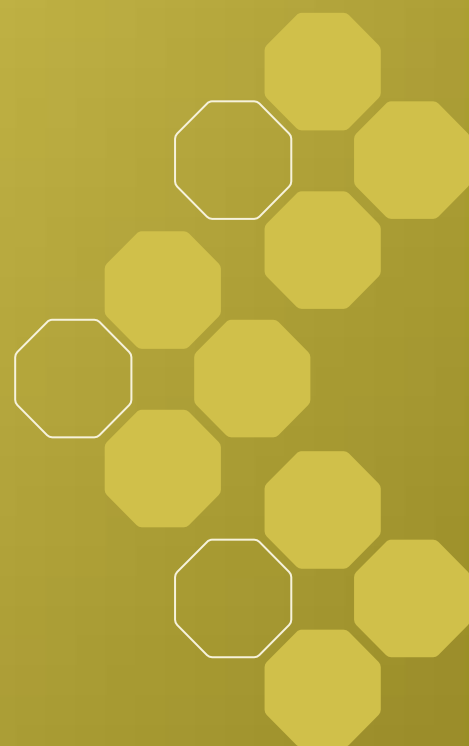
The agenda presented during the session are as follows:

- Introduction on ISWG
- Security briefing
- Video: Information Security in a Workplace
- IT guidelines for users
- Incident report
- Mandatory exercise on information security

During this session, a brief mandatory exercise was also conducted at the end of the session to test the level of information security understanding of new recruits.

CONSOLIDATED FINANCIAL STATEMENTS

**Year Ended
31 December 2021**





CONSOLIDATED FINANCIAL STATEMENTS

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Report of the Board

for the financial year ended 31 December 2021

The Members of the Board hereby submit their report and the audited consolidated financial statements of Brunei Darussalam Central Bank [the “Authority”, “BDCB”] and its subsidiary [the “Group”] for the financial year ended 31 December 2021.

Principal Activities

Brunei Darussalam Central Bank [“the Authority”], formerly known as Autoriti Monetari Brunei Darussalam, was established on 1 January 2011 pursuant to Section 3(1) of the Brunei Darussalam Central Bank Order, 2010 [“the Order”].

Under Section 4 of the Order, the principal objects of the Authority are;

- (a) to achieve and maintain domestic price stability;
- (b) to ensure the stability of the financial system, in particular by formulating financial regulation and prudential standards;
- (c) to assist in the establishment and functioning of efficient payment systems and to oversee them; and
- (d) to foster and develop a sound and progressive financial services sector.

Without prejudice to the above-mentioned principal objects, the Authority shall support the general economic policies of the Brunei Darussalam Government to the extent that it considers appropriate.

Al-Munawwarah Sdn Bhd [“the subsidiary”] [“AMSB”] is a special purpose vehicle [“SPV”], which facilitates the Authority’s liquidity management activities and other investment activities through the issuance of Sukuk under a variety of Syariah principles. AMSB is controlled by the Authority as it has existing rights that give the Authority the current ability to direct the relevant activities of AMSB.

Financial Statements Highlights

	The Group BND’000	The Authority BND’000
Net profit for the year	51,278	51,276
Other comprehensive loss	(41,391)	(41,391)
Total comprehensive income for the year	9,887	9,885
Less: Profit for the year of AMSB (non-distributable)	(2)	-
Distributable earnings	9,885	9,885
Distributable to:		
Market valuation reserve fund	(7,925)	(7,925)
Currency valuation reserve fund	3,960	3,960
Reserve fund	13,850	13,850
The Government of Brunei Darussalam	-	-
	9,885	9,885

Report of the Board

for the financial year ended 31 December 2021

Board of Directors

Chairman

Duli Yang Teramat Mulia

Paduka Seri Pengiran Muda Mahkota Pengiran Muda Haji Al-Muhtadee Billah ibni Kebawah Duli Yang Maha Mulia Paduka Seri Baginda Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah

Senior Minister at the Prime Minister's Office

As Chairman

(until 25 June 2021)

Yang Berhormat

Dato Seri Paduka Awang Haji Ahmaddin bin Haji Abdul Rahman

Minister of Home Affairs,

Previously Deputy Minister (Fiscal), Ministry of Finance and Economy

As Chairman, Brunei Darussalam Central Bank

[26 June 2021 – Present]

Members

Yang Mulia

Pengiran Hajah Zety Sufina binti Pengiran Dato Paduka Haji Sani

Deputy Minister, Ministry of Finance and Economy

Previously Permanent Secretary (Industry), Ministry of Finance and Economy

[26 June 2021 – Present]

Yang Mulia

Dato Seri Setia Dr. Haji Japar bin Haji Mat Dain @ Maidin

Deputy State Mufti, State Mufti's Office

[1 January 2020 – Present]

Yang Mulia

Pengiran Hajah Siti Nirmala binti Pengiran Haji Mohammad

Permanent Secretary (Vision, Finance and Cabinet), Prime Minister's Office

[26 June 2021 – Present]

Yang Mulia

Dr. Dayang Hajah May Fa'ezah binti Haji Ahmad Ariffin

Permanent Secretary (Economy), Ministry of Finance and Economy

[21 August 2019 – Present]

Yang Mulia

Dayang Hajah Zuraini binti Haji Sharbawi

Solicitor General at Attorney General's Chambers, Prime Minister's Office

[10 August 2018 – Present]

Yang Mulia

Dayang Hajah Rokiah binti Haji Badar

Managing Director, Brunei Darussalam Central Bank

[5 October 2019 – Present]

Report of the Board

for the financial year ended 31 December 2021

Yang Berhormat

Pehin Orang Kaya Seri Kerna Dato Seri Setia (Dr.) Haji Awang Abu Bakar bin Haji Apong

Former Minister of Home Affairs

As Deputy Chairman

[30 January 2018 until 25 June 2021]

Yang Berhormat

Dato Seri Setia Haji Awang Abdul Mokti bin Haji Mohd Daud

Former Minister at the Prime Minister's Office

[30 January 2018 until 25 June 2021]

Yang Berhormat

Dato Seri Setia Dr. Awang Haji Mohd Amin Liew bin Abdullah

Minister at the Prime Minister's Office and Minister of Finance and Economy II

[30 January 2018 until 25 June 2021]

Yang Mulia

Dr. Haji Azman bin Ahmad

Permanent Secretary (Higher Education) at Ministry of Education

[1 January 2020 until 25 June 2021]

Report of the Board

for the financial year ended 31 December 2021

Audit Committee

Yang Mulia

Dayang Hajah Zuraini binti Haji Sharbawi

Solicitor General at Attorney General's Chambers, Prime Minister's Office
As Chairperson
(1 January 2020 - Present)

Yang Mulia

Haji Hairul Mohd Daud bin Haji Abd Karim

Deputy Permanent Secretary (Infocommunications), Ministry of Transport and Infocommunications
(1 January 2020 – Present)

Yang Mulia

Dayang Hajah Chairani binti Haji Sulaiman

Accountant General, Ministry of Finance and Economy
(1 January 2020 – Present)

Yang Mulia

Awang Haji Asrul Adrain bin Pehin Orang Kaya Setia Pahlawan Dato Seri Setia Dr. Haji Ahmad

Deputy Accountant General, Ministry of Finance and Economy
(1 January 2020 – Present)

Yang Mulia

Dayang Mazriyani binti Haji Abdul Ghani

Director E-Government National Center (EGNC), Ministry of Transport and Infocommunications
(1 January 2020 - Present)

Yang Mulia

Awang Muhammad Yusri bin Dato Abdul Majid

Head of Risk Management, Brunei Darussalam Central Bank
As Observer
(1 January 2020 – Present)

Yang Mulia

Dayang Rosminah binti Haji Awang Besar

Head of Business and Operations Compliance, Brunei Investment Agency
(1 January 2020 – 31 December 2021)

Report of the Board

for the financial year ended 31 December 2021

The Audit Committee has held several meetings in 2021. In performing its functions, the Audit Committee met with the Group's external auditors to discuss the scope of their work, the results of their examination and evaluation of the Group's internal accounting control system.

For and on behalf of the Board



**Yang Berhormat Dato Seri Paduka Awang
Haji Ahmaddin bin Haji Abdul Rahman**
Chairman



**Yang Mulia Dayang Hajah Rokiah binti
Haji Badar**
Managing Director

Date: 8 July 2022

Independent Auditor's Report

as at 31 December 2021

BRUNEI DARUSSALAM CENTRAL BANK AND ITS SUBSIDIARY

(Established in Brunei Darussalam)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Brunei Darussalam Central Bank (the "Authority") and its subsidiary (the "Group") which comprise the statements of financial position of the Group and the Authority as at December 31, 2021 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Authority for the year ended 31 December 2021 and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 63.

In our opinion, the accompanying consolidated financial statements of the Group and the Authority are properly drawn up in accordance with the provisions of the Brunei Darussalam Central Bank Order, 2010 (the "Order"), the Brunei Darussalam Companies Act, Chapter 39 (the "Act"), the Currency Order, 2004 (the "CO"), and International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the financial position of the Group and the Authority as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Group and the Authority for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and the Authority in accordance with the International Ethics Standards Boards for Accountants Code of Ethics for Professional Accountants ("IESBA") 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 International Ethics Standards Boards for Accountants (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Members of the Board are responsible for the other information. The other information comprises the Report of the Board include in pages 1 to 5.

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 and, in doing so, consider whether the other information identified above 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 auditor's 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.

Independent Auditor's Report

as at 31 December 2021

Responsibilities of Members for the Consolidated Financial Statements

The Members of the Board are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Orders, Act, and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The members' responsibilities include overseeing the financial reporting process of the Group and the Authority.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

as at 31 December 2021

We communicate with the members 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.

Report on Other Legal and Regulatory Requirements

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



DELOITTE & TOUCHE
Certified Public Accountants



HAJI ZULFARIQ ZARA BIN HAJI ZAINUDDIN
Public Accountant

Brunei Darussalam
Date: 8 July 2022

Statements of Financial Position

As at 31 December 2021

	Note	The Group		The Authority	
		2021 BND'000	2020 BND'000	2021 BND'000	2020 BND'000
ASSETS					
Cash and cash equivalents	4	3,661,224	2,668,442	3,611,226	2,668,442
Deposits with financial institutions		19,631	117,138	19,631	117,138
Investment securities	5	1,400,748	1,340,927	1,400,748	1,340,927
Derivative financial assets	6	4,285	7,478	4,285	7,478
Inventories		10,618	9,749	10,618	9,749
Assets held with International Monetary Fund (IMF)	7	1,047,111	500,876	1,047,111	500,876
Other assets	8	76,456	15,346	76,453	15,346
Investment in AMSB	1	-	-	-	-
Gold	9	355,481	364,270	355,481	364,270
Property and equipment, net	10	16,540	44,798	16,540	44,798
TOTAL ASSETS		6,592,094	5,069,024	6,542,093	5,069,024
LIABILITIES AND EQUITY					
Liabilities					
Currency in circulation	11	1,431,438	1,357,801	1,431,438	1,357,801
Deposits and balances of local banks and other local financial institutions	13	2,622,436	1,597,275	2,649,517	1,757,289
Deposit balance of international financial institutions	14	24,078	23,582	24,078	23,582
Derivative financial liabilities	6	97	2,608	97	2,608
Payables to the Government of Brunei Darussalam		109,524	110,031	109,524	110,031
Liabilities with IMF	7	938,547	391,805	938,547	391,805
Other liabilities	15	16,574	63,596	16,485	63,986
Provisions	16	9,956	9,356	9,956	9,356
Sukuk issuance	17	76,998	160,411	-	-
Total liabilities		5,229,648	3,716,465	5,179,642	3,716,458


See accompanying notes to the consolidated financial statements.

Statements of Financial Position

As at 31 December 2021

	Note	The Group		The Authority	
		2021	2020	2021	2020
		BND'000	BND'000	BND'000	BND'000
Equity					
Share Capital	18	1,000,000	1,000,000	1,000,000	1,000,000
Reserve fund	18	147,324	133,474	147,324	133,474
Currency valuation reserve	18	3,960	-	3,960	-
Market valuation reserve	18	211,167	219,092	211,167	219,092
Retained earnings		(5)	(7)	-	-
Total equity		1,362,446	1,352,559	1,362,451	1,352,566
TOTAL LIABILITIES AND EQUITY		6,592,094	5,069,024	6,542,093	5,069,024

For and on behalf of the Board


Yang Berhormat Dato Seri Paduka Awang
Haji Ahmaddin bin Haji Abdul Rahman
Chairman


Yang Mulia Dayang Hajah Rokiah binti
Haji Badar
Managing Director

See accompanying notes to the consolidated financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Note	The Group		The Authority	
		2021 BND'000	2020 BND'000	2021 BND'000	2020 BND'000
INCOME					
Interest income	19	34,524	39,561	34,454	39,547
Dividend income		3,926	4,387	3,926	4,387
Net gain on investment securities measured at fair value through profit or loss (FVTPL)	20	36,050	9,255	36,050	9,255
Net gain from derecognition of investment securities measured at fair value through other comprehensive income (FVOCI)	21	2,449	9,346	2,449	9,346
Operating income	22	9,819	3,086	9,819	3,086
TOTAL INCOME		86,768	65,635	86,698	65,621
EXPENSES					
Staff costs	23	(18,443)	(17,920)	(18,443)	(17,920)
Other operating expenses	24	(14,923)	(15,738)	(14,902)	(15,729)
Sukuk coupon cost		(48)	(3,020)	-	(3,009)
Fee and commission expense		(2,076)	(2,253)	(2,077)	(2,254)
TOTAL EXPENSES		(35,490)	(38,931)	(35,422)	(38,912)
Net profit for the year		51,278	26,704	51,276	26,709
OTHER COMPREHENSIVE (LOSS) INCOME					
Net (loss) / gain on investment securities measured at FVOCI	21	(32,602)	15,488	(32,602)	15,488
Net (loss) / gain on gold revaluation	9	(8,789)	66,866	(8,789)	66,866
TOTAL OTHER COMPREHENSIVE (LOSS) / INCOME		(41,391)	82,354	(41,391)	82,354
Total comprehensive income for the year		9,887	109,058	9,885	109,063

See accompanying notes to the consolidated financial statements.

Statements of Changes in Equity

For the year ended 31 December 2021

The Group	Share capital BND'000	Distributable earnings BND'000	Retained earnings** BND'000	Reserve fund BND'000	Currency valuation reserve BND'000	Market valuation reserve BND'000	Total BND'000
Balance as at 1 January 2019	1,000,000	-	-	105,399	-	19,909	1,125,308
<i>Total Comprehensive income / (loss) :</i>							
Net profit / (loss) for the year	-	56,411	(2)	-	-	-	56,409
Other comprehensive income	-	67,309	-	-	-	-	67,309
<i>Transfers during the year :</i>							
Fair value movement of gold at FVOCI (Note 9)	-	(42,860)	-	-	-	42,860	-
Fair value movement of investment securities at FVOCI (Note 21)	-	(24,449)	-	-	-	24,449	-
Fair value movement of investment securities at FVTPL (Note 20)	-	(30,704)	-	-	-	30,704	-
Transfer to reserve fund	-	(25,707)	-	25,707	-	-	-
Transfer to the Government of Brunei Darussalam*	-	-	-	-	-	-	-
Balance as at 31 December 2019	1,000,000	-	(2)	131,106	-	117,922	1,249,026
Balance as at 1 January 2020	1,000,000	-	(2)	131,106	-	117,922	1,249,026
<i>Total Comprehensive income :</i>							
Net profit / (loss) for the year	-	26,709	(5)	-	-	-	26,704
Other comprehensive income	-	82,354	-	-	-	-	82,354
<i>Transfers during the year :</i>							
Fair value movement of gold at FVOCI (Note 9)	-	(66,866)	-	-	-	66,866	-
Fair value movement of investment securities at FVOCI (Note 21)	-	(15,488)	-	-	-	15,488	-
Fair value movement of investment securities at FVTPL (Note 20)	-	(18,816)	-	-	-	18,816	-
Transfer to reserve fund	-	(2,368)	-	2,368	-	-	-
Transfer to the Government of Brunei Darussalam*	-	(5,525)	-	-	-	-	(5,525)
Balance as at 31 December 2020	1,000,000	-	(7)	133,474	-	219,092	1,352,559

Statements of Changes in Equity

For the year ended 31 December 2021

	Share capital BND'000	Distributable earnings BND'000	Retained earnings** BND'000	Reserve fund BND'000	Currency valuation reserve BND'000	Market valuation reserve BND'000	Total BND'000
Balance as at 1 January 2021	1,000,000	-	(7)	133,474	-	219,092	1,352,559
<i>Total Comprehensive income :</i>							
Net profit for the year	-	51,276	2	-	-	-	51,278
Other comprehensive loss	-	(41,391)	-	-	-	-	(41,391)
<i>Transfers during the year:</i>							
Foreign exchange valuation (Note 20)	-	(3,960)	-	-	3,960	-	-
Fair value movement of gold at FVOCI (Note 9)	-	8,789	-	-	-	(8,789)	-
Fair value movement of investment securities at FVOCI (Note 21)	-	32,602	-	-	-	(32,602)	-
Fair value movement of investment securities at FVTPL (Note 20)	-	(33,466)	-	-	-	33,466	-
Transfer to reserve fund	-	(13,850)	-	13,850	-	-	-
Transfer to the Government of Brunei Darussalam*	-	-	-	-	-	-	-
Balance as at 31 December 2021	1,000,000	-	(5)	147,324	3,960	211,167	1,362,446

* Transfer to the Government of Brunei Darussalam in accordance to Section 9 of the Order.

** Retained earnings of AMSB.

See accompanying notes to the consolidated financial statements.

Statements of Changes in Equity

For the year ended 31 December 2021

The Authority	Share capital BND'000	Distributable earnings BND'000	Reserve fund BND'000	Currency valuation reserve BND'000	Market valuation reserve BND'000	Total BND'000
Balance as at 1 January 2019	1,000,000	-	105,399	-	19,909	1,125,308
<i>Total Comprehensive income :</i>						
Net profit for the year	-	56,411	-	-	-	56,411
Other comprehensive income	-	67,309	-	-	-	67,309
<i>Transfers during the year :</i>						
Fair value movement of gold at FVOCI (Note 9)	-	(42,860)	-	-	42,860	-
Fair value movement of investment securities at FVOCI (Note 21)	-	(24,449)	-	-	24,449	-
Fair value movement of investment securities at FVTPL (Note 20)	-	(30,704)	-	-	30,704	-
Transfer to reserve fund	-	(25,707)	25,707	-	-	-
Transfer to the Government of Brunei Darussalam*	-	-	-	-	-	-
Balance as at 31 December 2019	1,000,000	-	131,106	-	117,922	1,249,028
Balance as at 1 January 2020	1,000,000	-	131,106	-	117,922	1,249,028
<i>Total Comprehensive income :</i>						
Net profit for the year	-	26,709	-	-	-	26,709
Other comprehensive income	-	82,354	-	-	-	82,354
<i>Transfers during the year :</i>						
Fair value movement of gold at FVOCI (Note 9)	-	(66,866)	-	-	66,866	-
Fair value movement of investment securities at FVOCI (Note 21)	-	(15,488)	-	-	15,488	-
Fair value movement of investment securities at FVTPL (Note 20)	-	(18,816)	-	-	18,816	-
Transfer to reserve fund	-	(2,368)	2,368	-	-	-
Transfer to the Government of Brunei Darussalam*	-	(5,525)	-	-	-	(5,525)
Balance as at 31 December 2020	1,000,000	-	133,474	-	219,092	1,352,566

Statements of Changes in Equity

For the year ended 31 December 2021

	Share capital BND'000	Distributable earnings BND'000	Reserve fund BND'000	Currency valuation reserve BND'000	Market valuation reserve BND'000	Total BND'000
Balance as at 1 January 2021	1,000,000	-	133,474		219,092	1,352,566
Total Comprehensive income:						
Net profit for the year	-	51,276	-	-	-	51,276
Other comprehensive loss	-	(41,391)	-	-	-	(41,391)
<i>Transfers during the year :</i>						
Foreign exchange valuation (Note 18)	-	(3,960)	-	3,960	-	-
Fair value movement of gold at FVOCI (Note 9)	-	8,789	-	-	(8,789)	-
Fair value movement of investment securities at FVOCI (Note 21)	-	32,601	-	-	(32,602)	-
Fair value movement of investment securities at FVTPL (Note 18)	-	(33,466)	-	-	33,466	-
Transfer to reserve fund	-	(13,850)	13,850	-	-	-
Transfer to the Government of Brunei Darussalam*	-	-	-	-	-	-
Balance as at 31 December 2021	1,000,000	-	147,324	3,960	211,167	1,362,451

* Transfer to the Government of Brunei Darussalam in accordance to Section 9 of the Order.

See accompanying notes to the consolidated financial statements.

Statements of Cash Flows

For the year ended 31 December 2021

	The Group		The Authority	
	2021	2020	2021	2020
	BND'000	BND'000	BND'000	BND'000
Cash flows from operating activities:				
Net profit for the year	51,278	26,704	51,276	26,709
<i>Adjustments for:</i>				
Depreciation on property and equipment	5,354	3,196	5,354	3,196
Unrealised gain on currency and market	(46,406)	(13,141)	(46,406)	(13,141)
Sukuk coupon cost	48	3,020	-	3,009
	10,274	19,779	10,224	19,773
Changes in operating assets and liabilities				
(Increase)/decrease in operating assets:				
Deposits with financial institutions	97,507	(10,144)	97,507	(10,144)
Investment securities	(46,017)	329,843	(46,017)	329,843
Derivative financial assets	3,193	(3,061)	3,193	(3,061)
Inventories	(869)	654	(869)	654
Other assets	(34,251)	633	(34,248)	633
(Decrease)/increase in operating liabilities:				
Decrease in currency in circulation	73,637	129,680	73,637	129,680
Deposits and balances of local banks and other local financial institutions	1,025,161	(597,970)	892,228	(557,956)
Deposit balance of international financial institutions	496	(270)	496	(270)
Derivative financial liabilities	(2,511)	2,206	(2,511)	2,206
Other liabilities	(47,022)	(236,177)	(47,501)	(236,196)
Provisions	600	931	600	931
Net cash generated from (used in) operating activities	1,069,922	(383,675)	936,513	(343,680)
Cash flows used in investing activity:				
Additions to property and equipment	(3,955)	(15,550)	(3,955)	(15,550)
Cash flows (used in) from financing activities:				
Sukuk (redemption) issuance	(83,413)	40,000	-	-
Sukuk coupon cost	(48)	(3,020)	-	(3,009)
Net cash flows (used in) from financing activities	(83,461)	36,980	-	(3,009)
Net increase (decrease) in cash & cash equivalents	992,782	(342,466)	942,784	(342,466)
Cash and cash equivalents at beginning of the year	2,668,442	3,010,908	2,668,442	3,010,908
Cash and cash equivalents at the end of the year (Note 4)	3,661,224	2,668,442	3,611,226	2,668,442

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2021 were authorised for issue by the Members of the Board on 29 March 2022.

1. Domicile and activities

The Autoriti Monetari Brunei Darussalam was renamed to the Brunei Darussalam Central Bank (“BDCB”) (“the Authority”), effective 26 June 2021, etching another milestone, where the Authority fully assumes its role as the country’s central bank. The move further marks the recognition of the Authority’s responsibility in monetary management and ensuring the stability of the financial sector towards economic development, while protecting the public’s interests.

The Brunei Darussalam Central Bank remains committed to its objectives mandated under the Brunei Darussalam Central Bank Order, 2010.

Under Section 4 of the Order, the principal objects of the Authority are:

- (a) to achieve and maintain domestic price stability;
- (b) to ensure the stability of the financial system, in particular by formulating financial regulation and prudential standards;
- (c) to assist in the establishment and functioning of efficient payment systems and to oversee them; and
- (d) to foster and develop a sound and progressive financial services sector.

Without prejudice to the above-mentioned principal objects, the Authority shall support the general economic policies of the Brunei Darussalam Government to the extent that it considers appropriate.

The address of the Group’s registered office is Level 14, Ministry of Finance and Economy Complex, Commonwealth Drive, Bandar Seri Begawan, BB3910, Negara Brunei Darussalam.

The issued and paid-up capital is wholly owned by the Government of Brunei Darussalam.

Al-Munawwarah Sdn Bhd (“the subsidiary”) (“AMSB”) is a special purpose vehicle (“SPV”), which facilitates the Authority’s liquidity management activities and other investment activities through the issuance of sukuk under a variety of Syariah principles. AMSB is controlled by the Authority as it has existing rights that give the Authority the current ability to direct the relevant activities of AMSB. AMSB has \$2.00 paid up capital which is held by nominees who are key officers of the Authority.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

2.1. Basis of preparation

2.1.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the Brunei Darussalam Central Bank Order, 2010 (the “Order”), the Brunei Darussalam Companies Act, Chapter 39 (the “Act”), the Currency Order, 2004 (the “CO”), and the International Financial Reporting Standards (“IFRS”) including any relevant interpretations issued by the IFRS Interpretations Committee (“IFRIC”) applicable to entities reporting under IFRS.

The consolidated financial statements comply with the Order, the Act, the CO issued by the Government of Brunei Darussalam and IFRS issued by the International Accounting Standards Board (“IASB”).

2.1.2 Functional currency

The consolidated financial statements of the Group are presented in Brunei Darussalam Dollars (“BND”), rounded to the nearest thousands, except as otherwise stated. BND is also the functional currency of the Group.

2.1.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except that the following assets and liabilities are stated at their fair values as disclosed in the accounting policies set out below:

- Financial assets (Note 2.3);
- Financial liabilities (Note 2.4);
- Derivatives financial instruments (Note 2.5); and
- Gold (Note 2.8)

2.1.4 Basis of consolidation

The consolidated financial statements of the Group comprises the financial statements of the Authority and the subsidiary (AMSB) made up to 31 December 2021. The Group controls and consequently consolidates an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group is considered to have power over an entity when it has existing rights that give it the current ability to direct the relevant activities of the entity. For the Group to have power over an entity, it must have the practical ability to exercise those rights. In situations where potential voting rights exist, these are taken into account if the Group has the practical ability to exercise those rights.

Entities that are controlled by the Group are consolidated from the date the group gains control and ceases to be consolidated from the date the Group loses control of the entities.

All intra-group transactions are eliminated on consolidation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

2.2. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (except for financial assets and financial liabilities measured at FVTPL and FVOCI) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL and FVOCI are recognised immediately in profit or loss.

2.3. Financial assets

Financial assets consist of cash balances with banks and other financial institutions, investments in equity and debt securities, assets held with IMF, and other assets, excluding prepayments.

2.3.1 Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- Investment securities at FVTPL;
- Investment securities at FVOCI;
- Investment securities at amortised cost; or
- Other assets at amortised cost.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

- (a) the Group's business model for managing the asset; and
- (b) the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate (EIR) method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

- FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FTVPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Net gain from derecognition of investment securities measured at FVOCI". Interest income from these financial assets is included in 'Interest income' using the EIR method.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented within "Net gain/loss on investment securities measured at FVTPL" in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the EIR method.

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

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

The Group takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent SPPI (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as government and corporate bonds, loans, and other receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Gains and losses on equity investments at FVTPL are included in the "Net gain/loss on investment securities measured at FVOCI" line in the statements of comprehensive income.

2.3.2 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI. The Group recognises a loss allowance for such loss at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instruments that are possible within 12 months after the reporting date, [referred to as Stage 1]; or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instruments, [referred to as Stage 2 and Stage 3]; or
- A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk ("SICR") are provided in Note 28.2.1[c].

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

Credit-impaired financial assets

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender or the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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

Definition of default

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

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

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

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in debt securities a qualitative indicator used is the breach of covenants. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

Significant increase in credit risk (SICR)

The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a SICR since initial recognition. If there has been a SICR, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

The Group considers a financial asset to have low credit risk when it has an external credit rating of 'investment grade', which is above Baa2 for Moody's and above BBB for S&P and Fitch. Accordingly, the Group assumes the application of the low credit risk expedient on the debt securities portfolio that broadly represents bonds issued with strong credit ratings of at least A3 for Moody's and A- for S&P and Fitch.

For cash and cash equivalents, assets held with IMF, deposits with financial institutions and other receivables, these are either repayable on demand, mature within a year or placed with reputable financial institutions with high external credit rating. Accordingly, determination of staging triggers for identifying significant increase in credit risk is not consequential taking into account the rating of the counterparties are consistent.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has significantly increased since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group incorporates forward-looking information in its determination whether credit risks have increased significantly since initial recognition through its rating mechanism using external rating or based on criteria involving qualitative forward-looking elements.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a SICR before the amount becomes past due.

Presentation of allowance for ECL in the statements of financial position

Loss allowances for ECL are presented in the statements of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and
- for debt instruments measured at FVOCI: the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised as a part of net income in the statements of comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised as a part of net income in the statements of comprehensive income. When a financial asset is uncollectible, it is written off against the related allowance account. Such financial assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Recoveries of accounts previously written off are recognised directly in the statements of comprehensive income as a part of net income.

2.3.3 Modification and derecognition of financial assets

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

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

2.3.4 Write-off

Debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or in a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in other income.

2.4. Financial liabilities

Classification and subsequent measurement

Financial liabilities are any liabilities that are contractual obligations to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or a contract that will or may be settled in the Group's own equity instrument. Financial liabilities are classified as either financial liabilities at FVTPL (including financial liabilities held for trading and those designated at FVTPL) or financial liabilities at amortised cost.

(a) Financial liabilities at FVTPL

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or if so designated by management. Financial liabilities designated as at FVTPL at inception are those that are managed and whose performance is evaluated on a fair value basis, and are intended to be held for an indefinite period of time but may be extinguished in response to needs for liquidity or changes in interest rates or exchange rates. Information about these financial liabilities is provided internally on a fair value basis to the Treasury Investment Management. Financial liabilities classified as FVTPL consist of derivative financial liabilities.

Financial liabilities at FVTPL are initially recognised and subsequently measured at fair value with any gains or losses recognised in profit or loss. Fair value is computed using quoted market prices.

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(b) Other financial liabilities at amortised cost

Other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the EIR method, where applicable.

Derecognition of financial liabilities

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

2.5. Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets including recent market transactions, and valuation techniques (for example for structured notes), including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Group's derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that do not qualify for hedge accounting are recognised immediately in the statements of comprehensive income under "Net gain/loss on investment securities measured at FVTPL".

2.6. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the over-the-counter ("OTC") derivative contracts. The primary source of input parameters like LIBOR yield curve or counterparty credit risk is Bloomberg.

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- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible. The Group has no assets or liabilities classified under Level 3 as at 31 December 2021 and 2020.

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges and broker quotes mainly from Bloomberg.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at reporting date. The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity such as forward contracts. For these financial instruments, inputs into models are generally market observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value derivatives transacted in the OTC market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The fair value of OTC derivatives is determined using valuation methods that are commonly accepted in the financial markets, such as present value techniques and option pricing models. The fair value of foreign exchange forwards is generally based on current forward exchange rates, with the resulting value discounted back to present value.

2.7. Property and equipment

Property and equipment are stated at cost and depreciated on a straight-line basis over their estimated useful lives. The periods used for this purpose are:-

Buildings	–	3 to 50 years
Furniture, fixtures & fittings	–	5 to 10 years
Motor vehicles	–	7 years
Office equipment, machinery & computers	–	3 to 10 years

Fully depreciated assets are retained in the consolidated financial statements until they are no longer in use.

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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of reporting period. Assets that are subject to depreciation are reviewed at each reporting date to assess whether there is any indication that an asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value (less costs to sell) and value in use.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statements of comprehensive income.

2.8. Gold

Gold is recognised initially at cost and subsequently measured at fair value at reporting date. The Group's intention is to hold the asset as part of its long-term reserves.

Changes in carrying amount of gold relating to the price of gold bullion are recognised in OCI as "Net gain/loss on gold revaluation". This in turn forms part of market valuation reserve in accordance with Section 7 of the Order. When gold is derecognised, the cumulative gain or loss previously recognised in market valuation reserve is retained in equity and will be reclassified to reserve fund.

2.9. Impairment on non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If this is not possible to do so, the recoverable amount for the cash-generating unit to which the asset belongs to shall be determined. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash generating unit is the greater of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds the estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's or cash generating unit's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.10. Interest income and expense

Interest income and expense are recognised in profit or loss for all interest-bearing financial instruments using the EIR method.

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The EIR method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the EIR, the Group estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the EIR, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

2.11. Dividend income

Dividends are recognised in profit or loss when the Group's right to receive payment is established.

2.12. Operating income

Operating income is recognised in the accounting period in which it is earned, except where it is charged to cover the costs of a continuing service to, or risk borne for, the customer, or is interest in nature. In these cases, the income is recognised as revenue as the services are provided, or when the significant act has been completed, or as an adjustment to the EIR.

2.13. Fee and commission expense

Fee and commission expense is recognised in the period in which related revenue is recognised. This includes management fee, custody fee and other charges arising from other operations.

2.14. Foreign currency transactions and translation

Functional and presentation currency

Items in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in BND, which is the Group's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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Non-monetary items measured at historical cost denominated in a foreign currency are translated at exchange rates as at the date of initial recognition. Non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value is determined.

Translation differences on non-monetary financial instruments, such as equities held at FVTPL, are reported as part of the fair value gain or loss recognised under “Net gain/loss on investment securities measured at FVTPL” in the statements of comprehensive income.

2.15. Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis. The right to offset must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

As at 31 December 2021 and 2020, there are no financial assets and liabilities that have been offset.

2.16. Cash and cash equivalents

Cash and cash equivalents consist of cash and other cash items, deposit placements with local and international financial institutions with maturities of less than three months from the date of acquisition and that are subject to insignificant risk of changes in value. Restricted cash is disclosed separately from cash and cash equivalents in Note 4 and in the statements of cash flows.

2.17. Advances to suppliers and other assets

Advances to suppliers are expenses paid in advance and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Advances to suppliers expire and are recognised as expense either with the passage of time or through use or consumption.

Other assets include assets that are realised as part of the normal operating cycle and are expected to be realised within twelve months after the reporting period.

2.18. Inventories

Inventories consist of bank notes and coins and are recorded at cost upon receipt of stock. They are subsequently expensed when issued into circulation.

Inventories also consist of numismatic notes and coins, which are specially minted or packaged as collectors' items which are not issued for monetary purposes and are not included as part of currency in circulation. Any profit or loss arising from the sale of these coins is included in the statements of comprehensive income.

The cost of inventories is based on the first-in first-out principle, and is defined as the sum of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

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2.19. Currency in circulation

Currency issued is a claim on the Authority for notes and coins issued for circulation, fully guaranteed by the Government of Brunei Darussalam, in favour of the holder. Currency in circulation is recorded at face value as a liability in the Statements of Financial Position.

2.20. Provisions

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

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

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

2.21. Sukuk issuance, accrued expenses and other liabilities

Sukuk are financial certificates that provide an investor with proportionate beneficial ownership of an asset, and returns based on this ownership. They are commonly referred to as Islamic bonds.

Accrued expenses and other liabilities represent liabilities for goods and services provided to the Group prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid subsequent to year-end.

They are recognised initially at their fair value and subsequently measured at amortised cost using the EPR method, unless the discounting effect is immaterial.

2.22. Employee benefits

2.22.1 Defined contribution plans and other employment benefits

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions and will have no legal or constructive obligation to pay further contributions. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the periods during which related services are rendered.

(a) Employees Trust Fund ["TAP"] and Supplemental Contributory Pension ["SCP"]

Under Section 26 of the Order, the laws of Brunei Darussalam which relate to retirement benefits schemes shall apply to the employees of the Group. The Group participates in TAP and SCP.

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(b) Incentive scheme

The incentive scheme is a bonus scheme of which the calculation is referenced to monthly salary of the employee. Employees are eligible to participate in the incentive scheme after completing the six-month trial period. The main objective of this incentive is to provide incentives to employees to improve the level and quality of their services according to their capabilities. The Group contributes 5 or 10 percent of employee's monthly salary depending on the employee's annual performance. This incentive scheme is recognised as an employee benefits expense under "Staff costs" in the statements of comprehensive income.

2.22.2 Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.23. Distributable earnings

The earnings available for distribution shall be determined under Section 8 of the Order, 2010 as follows:

- (a) where profits include realised and unrealised foreign currency valuation gains, by deducting the amount of such gains from the net profits and adding the amount to the currency valuation reserve fund;
- (b) where profits include realised and unrealised foreign currency valuation losses, by adding back such losses to the net profits and deducting the amount from the currency valuation reserve fund to the extent that there are credit funds available in the currency valuation reserve fund to cover such losses;
- (c) where profits include market unrealised valuation gains, by deducting the amount of such gains from the net profits and adding the amount to the market valuation reserve fund; and
- (d) where profits include market unrealised valuation losses, by adding back such losses to the net profit and deducting such losses from the market valuation reserve fund to the extent that there are credit funds available in the market valuation reserve fund to cover such losses.

2.24. Allocation of distributable earnings

The allocation of distributable earnings shall be determined under Section 9 of the Order, 2010 as follows:

- a) Within 3 months after the end of every financial year of the Group, the Group shall allocate the distributable earnings as follows:
 - where the total balance of the paid-up capital and the Reserve Fund is less than 20 percent of the total assets at the end of the financial year, 100 percent of the distributable profit is to be transferred to the Reserve Fund until the 20 percent level is met.
 - where the total balance of the paid-up capital and the Reserve Fund is greater than 20 percent of the total assets at the end of the financial year, 30 percent of the distributable profit is to be transferred to the Reserve Fund and the balance of 70 percent is to be transferred to the Government of Brunei Darussalam.
- b) No distribution shall be made out of the current income of the Group except as permitted by subsection (a) above; and

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c) If in any financial year the Group incurs negative distributable earnings, these earnings shall first be charged to the Reserve Fund and subsequently be covered by capital.

2.25. Other operating expenses

Other operating expenses are recognised in the consolidated financial statements as incurred.

2.26. Standards issued but not yet effective

As at 1 January 2021, the Group adopted all new and revised IFRS Standards, and interpretation of IFRS Standards that are effective from the date and are relevant to its operations. The adoption of these new/revised IFRS Standards does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current period or prior years.

The following accounting standards have been issued by the IASB but are not yet effective for the Group and earlier application is permitted; however, the Group has not early applied the following accounting standards in preparing these consolidated financial statements.

Accounting standards	Summary of the requirements	Possible impact on consolidated financial statements
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	<p>The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p> <p>The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.</p>	<p>The Group is still assessing the possible impact, however, does not anticipate that the application of amendments to IAS 1 will have a material impact on its consolidated financial statements.</p>
Amendments to IFRS 3 Reference to the Conceptual Framework	<p>The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.</p> <p>They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.</p>	<p>The Group is still assessing the possible impact, however, does not anticipate that the amendments to IFRS 3 will have a material impact on its consolidated financial statements.</p>

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	<p>Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.</p> <p>The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.</p>	
<p>Annual Improvements to IFRS Standards 2018–2020</p>	<p><u>IFRS 9 Financial Instruments</u> The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.</p> <p>The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.</p> <p>The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.</p> <p><u>IFRS 16 Leases</u> The amendment removes the illustration of the reimbursement of leasehold improvements.</p> <p>As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.</p>	<p>The Group is still assessing the possible impact, however, does not anticipate that the annual improvements to IFRS Standards 2018–2020 will have a material impact on its consolidated financial statements.</p>
<p>Annual Improvements to IFRS Standards 2018–2020</p>	<p><u>IFRS 9 Financial Instruments</u> The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.</p> <p>The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.</p> <p>The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.</p> <p><u>IFRS 16 Leases</u> The amendment removes the illustration of the reimbursement of leasehold improvements.</p>	<p>The Group is still assessing the possible impact, however, does not anticipate that the annual improvements to IFRS Standards 2018–2020 will have a material impact on its consolidated financial statements.</p>

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	<p>As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.</p>	
<p>Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies</p>	<p>The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.</p> <p>The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.</p> <p>The Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.</p> <p>The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.</p>	<p>The Group is still assessing the impact of the application of amendments to IAS 1 and IFRS Practice Statement 2, however, does not anticipate that such application will have material impact on its consolidated financial statements.</p>
<p>Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates</p>	<p>The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.</p> <p>The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:</p> <ul style="list-style-type: none"> • A change in accounting estimate that results from new information or new developments is not the correction of an error • The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors <p>The Board added two examples [Examples 4-5] to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example [Example 3] as it could cause confusion in light of the amendments.</p>	<p>The Group is still assessing the impact of the application of amendments to IAS 8, however, does not anticipate that such application will have material impact on its consolidated financial statements.</p>

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	The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.	
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3. Critical accounting judgements and key sources of estimation uncertainty

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the accounting policies

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that management has made in the process of applying the accounting policies and with the most significant effect on the consolidated financial statements.

- (a) Business model assessment: Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or FVOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.
- (b) Significant increase in credit risk: ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a SICR. In assessing whether the credit risk of an asset has significantly increased the Group applied the 'low credit risk' expedient. Refer to Note 28.2.1 for more details.
- (c) Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to Note 28.2.1 for details of the characteristics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

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- (d) Models and assumptions used: The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. Refer to Note 28.2.1 for more details on the ECL.
- (e) Impairment of property and equipment: Assets that have definite useful lives are subject to depreciation and amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In assessing whether there is any indication that an asset may be impaired, management considers evidence of obsolescence or physical damage of an asset, assets becoming idle, or the economic performance of the asset is, or will be, worse than expected. If any such evidence exists for any item of property and equipment, changes in those estimates and judgments could result in adjustments to the net carrying amount of property and equipment.

There is no recorded provision for impairment loss pertaining to property and equipment during the reporting period considering the absence of impairment indicators such as evidence of obsolescence or physical damage to any item of property and equipment or significant changes in the Group's industry to which it operates.

3.2 Key sources of estimation uncertainty

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

- (a) Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario: When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- (b) Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
- (c) Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.
- (d) Useful lives of property and equipment: Management estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of property and equipment is based on the Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that the future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these circumstances. A change in the estimated useful lives of property and equipment would impact recorded costs and expenses, and assets.

The carrying amounts of property and equipment are presented in Note 10. Based on management's assessment as at 31 December 2021 and 2020, there is no change in estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

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4. Cash and cash equivalents

Cash and cash equivalents per statements of cash flows comprise the following:

	The Group		The Authority	
	2021 BND'000	2020 BND'000	2021 BND'000	2020 BND'000
Cash	2,411,779	1,293,169	2,411,779	1,293,169
Short-term deposits	189,607	251,648	139,609	251,648
Short-term government treasury bills	1,059,838	1,123,625	1,059,838	1,123,625
Total cash and cash equivalents	3,661,224	2,668,442	3,611,226	2,668,442

Short-term deposits with banks have average maturities of less than or equal to 90 days and carry effective interest rates ranging from 0.18% to 0.45% in 2021 [2020: 0.22% to 0.45%]. Interest earned from cash and deposits with banks and financial institutions is disclosed in Note 19.

Short-term government treasury bills have maturities of less than or equal to 90 days from the date of acquisition. Income from the treasury bills recognised by the Group and the Authority for the financial year amounts to BND 3,175,757 [2020: BND 9,252,795].

5. Investment securities

	The Group and the Authority	
	2021 BND'000	2020 BND'000
Investment securities at FVOCI:		
Government debt securities	544,654	524,442
Corporate debt securities	529,716	442,423
Government treasury bills	-	129,871
	1,074,370	1,096,736
Investment securities at FVTPL:		
Corporate debt securities	93,386	63,570
Listed equity instruments	232,992	180,621
	326,378	244,191
Total investment securities	1,400,748	1,340,927

Debt securities classified as FVOCI that are expected to mature within 12 months after reporting date amounts to BND 246,825,164 [2020: BND 208,957,397]. The remaining balance of FVOCI has a maturity of more than 12 months after reporting date.

The dividend income from listed equity instruments recognised by the Group and the Authority for the financial year amounts to BND 3,925,653 [2020: BND 4,386,744].

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6. Derivative financial assets and liabilities

Derivatives held by the Authority for non-hedging purposes mainly consist of foreign exchange forwards representing commitments to purchase or sell one currency against another at an agreed forward rate on a specified date in the future. Settlement can be made via full delivery of forward proceeds or via payment of the difference (non-deliverable forward) between the contracted forward rate and the prevailing market rate on maturity.

As at 31 December, the Authority had contractual commitments under open forward currency contracts as follows:

	2021	2020
	Contract/Notional Amount in BND'000	Contract/Notional Amount in BND'000
Commitments to purchase currencies under forward contracts	464,563	469,661
Commitments to sell currencies under forward contracts	(460,374)	(464,791)

As at 31 December 2021, the derivative financial assets amount to BND 4,285,223 [2020: BND 7,477,840], while the derivative financial liabilities amount to BND 96,745 [2020: BND 2,607,717]. The contract amounts of these instruments reflect the extent of the Authority's involvement in forward currency contracts and do not represent the risk of loss due to counterparty non-performance. The fair values of these derivatives are presented on the statements of financial position.

7. Assets held and liabilities with IMF

Brunei Darussalam became a member country of the International Monetary Fund ("IMF") in October 1995. The Ministry of Finance and Economy is the fiscal agent and the Authority was appointed to be a depository for the IMF deposits. These deposits which were paid by the Government of Brunei Darussalam to IMF through the Ministry of Finance and Economy were maintained by the Authority (as a depository) under IMF Account No. 1, IMF Account No. 2 and IMF Securities Account. The deposits represented the Domestic Currency Portion amounting to SDR201,730,037 of Brunei Darussalam's Quota Subscription payment to IMF.

Borrowings from and repayments to the IMF are denominated in Special Drawing Rights ["SDRs"]. The SDR balances in IMF accounts are translated into Brunei currency at the prevailing exchange rates and any unrealised gains or losses are accounted for in accordance with accounting policy on foreign currencies.

The IMF account is as detailed below:

	The Group and the Authority	
	2021	2020
	BND'000	BND'000
ASSETS		
Foreign currency investment and claims:		
IMF quota subscription	574,141	579,414
<i>Less:</i>		
IMF No.1 currency account	(84,232)	(85,279)
IMF securities account	(411,472)	(416,590)
Currency valuation adjustment account	(11,366)	(9,858)
Reserve Tranche Position	67,071	67,687

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	The Group and the Authority	
	2021	2020
	BND'000	BND'000
<i>Add:</i>		
SDR holdings	964,945	418,422
Account receivable:		
Accrued remuneration on Brunei's reserve tranche position	5	9
Accrued interest on SDR holdings	89	72
IMF expenses on SDR allocation	15,001	14,686
	1,047,111	500,876
LIABILITIES		
IMF No.2 currency account	378	383
Currency valuation adjustment account No.2	9	7
IMF SDR allocation	938,074	391,347
IMF accrued expenses on SDR allocation	86	68
	938,547	391,805

8. Other assets

	The Group		The Authority	
	2021	2020	2021	2020
	BND'000	BND'000	BND'000	BND'000
Receivable from the Government of Brunei Darussalam	64,081	-	64,081	-
Interest and dividend receivables	8,905	7,876	8,902	7,876
Advances to suppliers	2,692	4,707	2,692	4,707
Miscellaneous assets	778	2,763	778	2,763
	76,456	15,346	76,453	15,346

Receivable from the Government of Brunei Darussalam is an amount due to BDCB as a result of the transfer of the building project to the Government of Brunei Darussalam payable as claimed with no interest levied. The amount is repayable on demand.

9. Gold

	The Group and the Authority	
	2021	2020
	BND'000	BND'000
At 1 January	364,270	297,404
Revaluation – (loss) / gain	(8,789)	66,866
At 31 December	355,481	364,270

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Gold is measured at fair value at the end of each reporting period. The fair value of gold is calculated using unadjusted quoted prices in active markets for identical assets. The fair value measurement of gold is under Level 1 of the fair value hierarchy.

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Notes to the Consolidated Financial Statements

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10. Property and equipment, net

The Group and the Authority						
	Buildings BND'000	Construction-in- progress BND'000	Furniture, fixtures & fittings BND'000	Motor vehicles BND'000	Office equipment, machinery & computers BND'000	Total BND'000
Cost						
Balance as at 1 January 2019	41,429	6,017	1,128	321	18,618	67,513
Additions	216	5,504	2	4	3,975	9,701
Balance as at 31 December 2019	41,645	11,521	1,130	325	22,593	77,214
Accumulated depreciation						
Balance as at 1 January 2019	27,215	-	799	259	13,234	41,507
Depreciation charge for the year	635	-	86	31	2,511	3,263
Balance as at 31 December 2019	27,850	-	885	290	15,745	44,770
Net book value as at 31 December 2019	13,795	11,521	245	31	6,848	32,444
Cost						
Balance as at 1 January 2020	41,645	11,521	1,130	325	22,593	77,214
Additions	72	15,338	8	-	132	15,550
Balance as at 31 December 2020	41,717	26,859	1,138	325	22,725	92,764
Accumulated depreciation						
Balance as at 1 January 2020	27,850	-	885	290	15,745	44,770
Depreciation charge for the year	668	-	69	25	2,434	3,196
Balance as at 31 December 2020	28,518	-	954	315	18,179	47,966
Net book value as at 31 December 2020	13,199	26,859	184	10	4,546	44,798

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	Buildings BND'000	Construction-in- progress BND'000	Furniture, fixtures & fittings BND'000	Motor vehicles BND'000	Office equipment, machinery & computers BND'000	Total BND'000
Cost						
Balance as at 1 January 2021	41,717	26,859	1,138	325	22,725	92,764
Additions	111	-	24	63	3,757	3,955
Transfer/Disposal	-	(26,859)	-	-	-	(26,859)
Balance as at 31 December 2021	41,828	-	1,162	388	26,482	69,860
Accumulated depreciation						
Balance as at 1 January 2021	28,518	-	954	315	18,179	47,966
Depreciation charge for the year	669	-	60	10	4,615	5,354
Balance as at 31 December 2021	29,187	-	1,014	325	22,794	53,320
Net book value as at 31 December 2021	12,641	-	148	63	3,688	16,540

Construction in progress amounting to BND 26,858,198 relating to the construction of BDCB building. The ownership was fully transferred to Government of Brunei Darussalam during the financial year.

Notes to the Consolidated Financial Statements

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11. Currency in circulation

In accordance with Section 13 of the CO, the Authority has the sole authority to issue banknotes and coins for circulation in Brunei Darussalam. A breakdown, by denomination, is presented below.

Denomination	The Group and the Authority	
	2021 BND'000	2020 BND'000
\$1	44,397	43,096
\$5	34,009	32,554
\$10	152,457	144,444
\$20	10,952	14,169
\$25	8,334	8,358
\$50	122,771	112,994
\$100	716,591	685,974
\$500	206,007	183,699
\$1,000	26,820	25,923
\$10,000	59,290	58,130
Other notes and coins	49,810	48,460
	1,431,438	1,357,801

Currency in circulation represents the face value of banknotes and coins in circulation. Notes and coins held by the Authority as cash in vault and cashier/teller at the end of the financial year have been excluded from the liability of banknotes and coins in circulation because they do not represent currency in circulation.

12. External assets

Under Section 24 of the CO, the external assets of the Currency Fund shall at all times be not less than 100 per cent of the face value of the currency in circulation.

The assets and liabilities of the Currency Fund as at 31 December are as follows:

External Assets:	The Group and the Authority	
	2021 BND'000	2020 BND'000
Cash & cash equivalents	82,476	105,506
Fixed deposits	34,548	101,469
Investment securities	1,382,445	1,266,182
Other liabilities	10,074	(22,026)
	1,509,543	1,451,131

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	The Group and the Authority	
	2021	2020
	BND'000	BND'000
Less:		
Active currency in circulation	1,431,438	1,357,801
	78,105	93,330

13. Deposits and balances of local banks and other local financial institutions

	The Group		The Authority	
	2021	2020	2021	2020
	BND'000	BND'000	BND'000	BND'000
Minimum cash balance:				
Finance companies	105,949	101,250	105,949	101,250
Current account:				
Commercial banks	2,508,487	1,489,025	2,508,487	1,489,039
Insurance company	8,000	7,000	8,000	7,000
AMSB	-	-	27,081	160,000
	2,622,436	1,597,275	2,649,517	1,757,289

Deposits from local banks and other local financial institutions include:

- (a) The minimum cash balance maintained by banks and finance companies with the Authority as required under Section 45 of the Banking Order, 2006 and the Islamic Banking Order, 2008 and Section 13A of the Finance Companies Act (Chapter 89) respectively. Deposits from companies holding licences under the Securities Order (SO), 2001 represents statutory deposits as required under Section 27 of the SO 2001.

With effect from 21 December 2017, the current account maintained by each bank and other institutions with the Authority shall be used to satisfy the minimum cash balance and as a settlement account for each bank and other institutions within the Real-Time Gross Settlement ("RTGS"). This means that the balances on the current account can be maintained, up to the Minimum Cash Balance utilisation rate of 30%, and may be used for intraday settlement within the RTGS.

- (b) The current account maintained by the banks and other institutions with the Authority shall be used as a settlement account for each bank within the RTGS. RTGS is a process and computer installations providing continuous (real-time) settlement of fund transfers individually on an order basis (without netting).

Notes to the Consolidated Financial Statements

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14. Deposit balance of international financial institutions

	The Group and the Authority	
	2021 BND'000	2020 BND'000
Deposit from World Bank	19,631	19,631
Other institutions	4,447	3,951
	24,078	23,582

15. Other liabilities

	The Group		The Authority	
	2021 BND'000	2020 BND'000	2021 BND'000	2020 BND'000
Trade pending settlement	-	51,955	-	51,955
Accrued expenses	14,846	10,004	14,757	10,394
Fees received in advance	1,728	1,637	1,728	1,637
	16,574	63,596	16,485	63,986

Fees received in advance relates to cash received in advance for licensing and regulatory operations.

16. Provisions

	The Group and the Authority	
	2021 BND'000	2020 BND'000
Provision for incentive scheme	4,280	3,707
Provision for leave expenses	151	124
Provision for distributable earnings to the Government of Brunei Darussalam	5,525	5,525
	9,956	9,356

The provision for distributable earnings to the Government of Brunei Darussalam is as follows [Note 2.24]:

	The Group and the Authority	
	2021 BND'000	2020 BND'000
As at 1 January	5,525	-
Distributable earnings for the year	-	5,525
Payment made during the year	-	-
As at 31 December	5,525	5,525

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17. Sukuk issuance

	The Group		The Authority	
	2021 BND'000	2020 BND'000	2021 BND'000	2020 BND'000
Issuance of building sukuk	-	120,000	-	-
Issuance of BDCB I-Bills	76,997	40,000	-	-
Coupon payable (within 12 months)	1	411	-	-
	76,998	160,411	-	-

On 12 November 2018, AMSB entered into an Islamic finance transaction, structured using the concept of Ijarah Mausufah Fi Zimmah. The first structure is the treasury structure, or wakalah. The Authority acts as wakeel to invest the sukuk issuance proceeds in accordance with a Syariah compliant treasury mandate. The second structure is the construction structure, or istisna'a. The sukuk issuance proceeds will be used to fund the construction of the underlying asset. The third structure is the lease structure, or Ijarah, and is separated into two stages namely the advance rental and rental stage. The advance rental stage runs together with the construction phase. Upon completion of the building of the underlying asset, the rental stage will begin and the lease of this underlying asset will commence.

On 12 November 2021, an early redemption was performed and the sukuk issuance proceeds to fund the construction of the underlying assets was fully redeemed. Currently, the Group and the Authority has no plans in issuing building sukuk.

As part of the Authority's continued efforts to develop a more efficient money market for Brunei Darussalam, the Authority successfully launched the BDCB Islamic Bills Programme (BDCB I-Bills) with the maiden issuance, through AMSB, on 22 October 2020. The BDCB I-Bills Programme aims to support the effective and efficient liquidity management for the banks in Brunei Darussalam and at the same time, widen the list of available money market instruments for BDCB and the domestic financial sector. The BDCB I-Bills is based on the Syariah concept of Wakalah bil Ujah with a tenor of two weeks and is issued weekly. The maximum issuance size of the BDCB I-Bills is BND 50,000,000 and is one of the eligible collaterals for the BDCB Funding/Lending Facilities in addition to the Brunei Government Sukuk.

18. Equity including reserves

The authorised capital of the Authority is 2,000,000,000 Ordinary shares of BND1 each and the paid-up capital is 1,000,000,000 Ordinary shares of BND1 each. The entire capital is held by the Government of Brunei Darussalam.

18.1 Capital management

The Authority's objectives when managing capital are as follows:

- To comply with the capital requirements outlined in Sections 6 of the Order;
- To safeguard the Authority's ability to continue as a going concern in its provision of Central Banking facilities for the Government of Brunei Darussalam as outlined in Sections 49 to 51 of the Order; and
- To maintain a strong capital base to support the development of the Brunei economy.

Capital adequacy is monitored by the Authority's management, and in accordance with the guidelines established by the Order.

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18.2 Reserve fund and reserve accounts

The reserve fund was established in accordance with the provisions of Section 7 of the Order as follows:

- (a) a Reserve Fund which shall not be used except for the purpose of covering losses sustained by the Authority;
- (b) a Currency Valuation Reserve Fund which shall be used to account for realised and unrealised gains and losses arising from its positions with foreign currencies;
- (c) a Market Valuation Reserve Fund which shall be used to account for unrealised gains and losses arising from its positions with gold, financial instruments and other assets; and
- (d) such other funds as the Authority may determine. Effective from 1 January 2018 market valuation reserve consists of the following:
 - (i) Market valuation reserve for investment securities measured at FVTPL;
 - (ii) Market valuation reserve for investment securities measured at FVOCI; and
 - (iii) Market valuation reserve for revaluation of gold.

The distribution of earnings is in accordance with Section 8 of the Order is as follows:

- (a) The net profits or losses determined by the Authority shall be in conformity with the accounting standards adopted by the Authority.
- (b) The earnings available for distribution under section 9 shall be determined:
 - (i) where profits include realised and unrealised foreign currency valuation gains, by deducting the amount of such gains from the net profits and adding the amount to the currency valuation reserve fund;
 - (ii) where profits include realised and unrealised foreign currency valuation losses, by adding back such losses to the net profits and deducting the amount from the currency valuation reserve fund to the extent that there are credit funds available in the currency valuation reserve fund to cover such losses;
 - (iii) where profits include market unrealised valuation gains, by deducting the amount of such gains from the net profits and adding the amount to the market valuation reserve fund; and
 - (iv) where profits include market unrealised valuation losses, by adding back such losses to the net profit and deducting such losses from the market valuation reserve fund to the extent that there are credit funds available in the market valuation reserve fund to cover such losses.

The table below shows the distribution of available earnings for the financial years ended 31 December:

	The Authority	
	2021 BND'000	2020 BND'000
Total comprehensive income	9,885	109,063
Transfer from market valuation reserve fund for investment securities measured at FVOCI	32,602	-
Transfer from market valuation reserve fund for gold revaluation	8,789	-
Earnings available for distribution	51,276	109,063
<i>Transferred as follows:</i>		
Transfer to currency valuation reserve fund	(3,960)	-
Transfer to market valuation reserve fund for investment securities measured at FVOCI	-	(15,488)
Transfer to market valuation reserve fund for investment securities measured at FVTPL	(33,466)	(18,816)
Transfer to market valuation reserve fund for gold revaluation	-	(66,866)

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	2021 BND'000	2020 BND'000
Transfer to reserve fund	(13,850)	(2,368)
Transfer to the Government of Brunei Darussalam	-	(5,525)
	-	-

19. Interest income

	The Group		The Authority	
	2021 BND'000	2020 BND'000	2021 BND'000	2020 BND'000
On debt securities	31,590	30,624	31,590	30,624
On deposits with banks and financial institutions	2,934	8,937	2,864	8,923
	34,524	39,561	34,454	39,547

20. Net gain on investment securities measured at FVTPL

	The Group and the Authority	
	2021 BND'000	2020 BND'000
Investment in debt securities		
- Realised loss	(2,150)	(104)
- Unrealised (loss) / gain	(1,291)	554
Investment in equity securities		
- Realised gain / (loss)	774	(6,347)
- Unrealised gain	34,757	18,262
Gain / (loss) on foreign exchange	3,960	(3,110)
	36,050	9,255

21. Net (loss) / gain on investment securities measured at FVOCI

	The Group and the Authority	
	2021 BND'000	2020 BND'000
Net gain from derecognition of investment securities :		
- Realised gain from derecognition	2,449	9,346
Net (loss)/ gain on investment securities :		
- Unrealised (loss) / gain	(32,602)	15,488

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22. Operating income

	The Group and the Authority	
	2021 BND'000	2020 BND'000
Other income	6,557	765
Registration and licensing of banks and other financial institutions	1,503	1,546
Sale of commemorative coins	672	46
Credit Bureau services	532	265
Payment settlements	457	350
Collateral registry	98	114
	9,819	3,086

The other income is inclusive of income from the Government of Brunei Darussalam amounting to BND 6,538,227 million. This is a repayment of coupon expenses which was previously paid by the Authority to the Building Sukuk holder.

23. Staff costs

	The Group and the Authority	
	2021 BND'000	2020 BND'000
Salaries and wages	11,088	10,654
Allowances	3,260	3,114
Bonuses	2,709	2,422
Other staff costs	799	780
Long-term incentive scheme	587	950
	18,443	17,920

24. Other operating expenses

	The Group		The Authority	
	2021 BND'000	2020 BND'000	2021 BND'000	2020 BND'000
Depreciation	5,354	3,196	5,354	3,196
Maintenance of building, office equipment & computer	3,135	2,404	3,135	2,404
General and administrative expenditure	2,892	3,605	2,872	3,596
Currency operation expenses	1,774	4,179	1,774	4,179
Consultancy and developmental expenditure	1,768	2,354	1,767	2,354
	14,923	15,738	14,902	15,729

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25. Related Parties

In the normal course of its operation, the Authority can enter into transactions with related parties. Related parties includes the Government of Brunei Darussalam and the subsidiary company.

The Authority may serve as banker to and act as the financial agent to the Government of Brunei Darussalam. Other than the transfer to the Government of Brunei Darussalam in accordance with Section 9 of the Order, there were no other significant related party transaction during the current financial year.

26. Events after the reporting date

Post year-end events that provide additional information about the Group's financial position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

27. Other matters

The Group and the Authority will continue to pay close attention to the development of the outbreak of the COVID-19 subsequent to the end of the reporting period and its related impact on the Group and the Authority's businesses and financial conditions. Based on current available information, although the outbreak may have direct and indirect implications on the operating results, the management does not consider that the event would have a material impact to the Group and the Authority's continuity and operations. However, given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the relevant governments and corporate entities, the actual financial impact of the COVID-19 outbreak, if any, on the consolidated financial statements of the Group and the Authority for the financial year ended 31 December 2021 could have been significantly different from estimates.

The Group and the Authority will closely monitor the situation and development in this regard.

28. Financial instruments and financial risks

28.1. Fair value of financial instruments

The Group ranks its investment securities based on the hierarchy of valuation techniques required by IFRS, which is determined based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions.

The table below presents the hierarchy levels of the Group's assets and liabilities measured at fair value. There were no transfers between Level 1 and Level 2 during the current or prior year.

31 December 2021	Level 1 BND'000	Level 2 BND'000	Level 3 BND'000	Total BND'000
Financial assets				
Investment securities	1,400,748	-	-	1,400,748
Derivative financial assets	-	4,285	-	4,285
	1,400,748	4,285	-	1,405,033

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31 December 2021	Level 1 BND'000	Level 2 BND'000	Level 3 BND'000	Total BND'000
Financial Liabilities				
Derivative financial liabilities	-	97	-	97
	-	97	-	97

31 December 2020	Level 1 BND'000	Level 2 BND'000	Level 3 BND'000	Total BND'000
Financial assets				
Investment securities	1,340,927	-	-	1,340,927
Derivative financial assets	-	7,478	-	7,478
	1,340,927	7,478	-	1,348,405
Financial Liabilities				
Derivative financial liabilities	-	2,608	-	2,608
	-	2,608	-	2,608

28.2. Financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The most important types of financial risks are credit risk, liquidity risk and market risk. Market risk includes currency risk, price risk and interest rate risk.

The Group's investment policy statements are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices.

28.2.1. Credit risk

Credit risk is the risk of financial loss resulting from the failure of counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

Credit exposures arise principally in debt securities and other treasury bills in the Group's asset portfolio. The BDCB Risk Committee manages and controls credit risk by monitoring the investment guidelines and directives issued to the fund managers of the Group.

The Members of the Board do not consider that the Group is exposed to any significant credit risk because its financial assets consist primarily of cash and securities issued or guaranteed by Government of sovereign countries (i.e. Singapore, Hong-Kong, and China). The Group does not have any significant credit risk exposure to any single non-investment grade counterparty or any group of counterparties having similar characteristics.

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(a) Credit risk management

Debt securities and treasury portfolio

For debt securities and other treasury bills, external ratings such as Standard & Poor's ratings or their equivalents are used by the Group for managing credit risk exposures. Investments in these securities and bills are viewed as a way to gain better credit quality mix and at the same time, maintain a readily available source to meet funding requirements. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

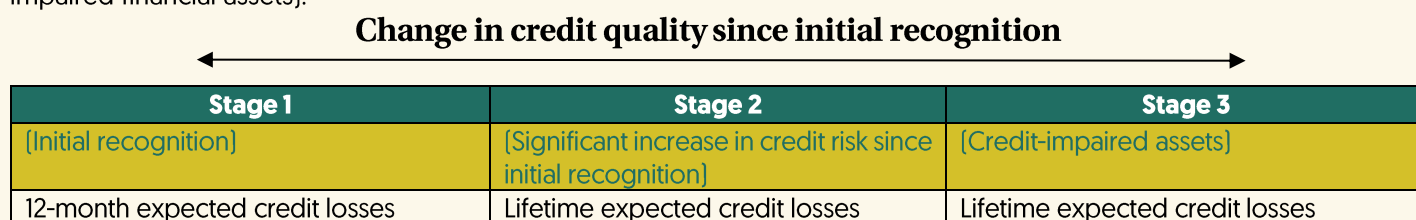
(b) Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3".
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Further explanation is also provided of how the Group determines appropriate groupings when ECL is measured on a collective basis.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased originated credit-impaired financial assets):



(c) Significant increase in credit risk ('SICR')

Due to the generally high quality of the securities as stipulated in Investment Policy Statement of respective funds and the overall low credit risk exposures whereby investments are commonly rated "investment grade" by the global credit rating agencies, the Group has opted for the practical expedient of the general approach through applying low credit risk operational simplification.

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(d) Definition of default and credit-impaired assets

The Group defines a financial instrument as in default if the issuer of the investment securities is downgraded to below investment grade, which is below Baa2 for Moody's and below BBB for Standard & Poor's and Fitch Ratings. Notwithstanding the above, the Group does not intend to rebut the "90 days overdue" presumed definition of default.

(e) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The key inputs used for measuring ECL are:

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

These ECL is derived from internally developed statistical models and other historical data and it is adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. Given that there has not been any historical instance of defaults on the portfolio, the Group applied the external credit rating agency's historical observed default rates to derive the portfolio's average default rates for respective historical years. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss severity arising from default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. Given that there has not been any historical instance of defaults on the portfolio, the Group bases its LGD estimates from data published by external rating agency. The LGD parameter will be determined based on average historical LGD on the basis that there is a limited statistical significance between LGD and macroeconomic indicators. The cash flows are not discounted as any discounting effects are not expected to be significant for measuring 12 months ECL on the debt securities portfolio.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest. The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the debt security exposure that are permitted by the current contractual terms, such as amortisation profiles and early repayment.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a SICR it can be necessary to perform the assessment on a collective basis as noted below.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

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(f) Forward-looking information incorporated in the ECL model

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified economic variables impacting credit risk and expected credit losses for each portfolio. The macroeconomic indicators should be both sensitive and reflective of Group's portfolio based on the following considerations:

- Intuitiveness for users to interpret and understand the relationship between macroeconomic indicators and the segment of the portfolios' default risk.
- Readily available forecasts to operationalize the model. In the absence of available forecasts, Group would require a separate forecasting process or introduce an element of expert judgement to derive the forecast estimate.
- Accommodates assignment of probability weights.

Based on those considerations and the nature of the investment portfolio and the selected segmentation approach, we further narrowed down the potential economic factors to the following:

(i) *Singapore economic factors - Singapore Macroeconomic Variables (MEVs)*

The Singapore MEVs will be tested for correlation with credit quality of Singapore issuer counterparties within BDCB's investment portfolio, which are the following:

Singapore MEVs	Description	Category
SIN_STI	Singapore STI Index which is one of the main stock indices for Singapore equities.	Equity Price
SIN_GDP	Singapore GDP [absolute value in SGD million] which measures economic growth for the country	Economic Growth
SIN_CPI_YOY%	Singapore Consumer Price Index	Inflation
SIN_PPI_MANF	Singapore Producer Price Index	Economic Growth
SIN_3M_SIBOR	Singapore 3-month Interbank Offer Rate	Interest Rate
SIN_IMP_PRICE	Singapore Import Price Index	Economic Growth
SIN_EXP_PRICE	Singapore Export Price Index	Economic Growth
SIN_EMPL	Singapore Employment Number	Employment

(ii) *World economic factors - World MEVs*

The World MEVs will be tested for correlation with credit quality of both Singapore and non-Singapore counterparties. They are:

World MEVs	Description	Category
WORLD_GDP	World GDP [%] which measures the economic growth globally	Economic Growth
WORLD_TRADE_VOL	World Trade Volume which measures trade flow globally	Trade
WORLD_WTI_OIL	World WTI crude oil prices measuring global demand for energy	Economic Growth
WORLD_BRENT_OIL	World Brent crude oil prices measuring global demand for energy	Economic Growth
WORLD_3M_LIBOR	World 3M LIBOR which measure interbank lending rate globally	Interest Rate

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WORLD_US_CPI	US CPI Index which measures inflation in the world's largest economy	Inflation
WORLD_US_IND_PROD	US Industrial Production which measures industrial activities in the US	Economic Growth
WORLD_US_10Y	US 10Y Benchmark Yield	Interest Rate
WORLD_US_UNEMPL	US Unemployment Rate	Employment
S&P 500	S&P 500 which measure equity prices of the largest 500 companies in US	Equity Prices
DJIA	DowJones Industrial Average which measure the largest 30 biggest market cap companies in the US	Equity Prices
NASDAQ	NASDAQ index measures the equity prices of largest tech companies in the US	Equity Prices
US_OIS_3M	USD3M Overnight Index Swap serves as the indicator of overnight benchmark lending rate	Interest Rate
LIBOR_OIS_SPREAD	Spread between LIBOR and OIS tend to measure the market liquidity status	Interest Rate

The macro-economic indicators are shortlisted for further statistical analyses process to determine the highest predictive power for the Group's portfolio. Those shortlisted will be further examined before arriving at the final economic indicators that are both statistically significant, intuitive and reflective of the Group's portfolio.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors.

(g) Groupings based on shared risks characteristics

For expected credit loss provisions modelled on a collective basis, a grouping is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as:

- instrument type;
- credit risk grade;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

(h) Credit risk exposure

Maximum exposure to credit risk - Financial instruments subject to impairment

The following tables contain an analysis of the credit risk exposure of each financial instrument. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

The table below presents the ratings of debt securities, treasury bills and other government securities as at 31 December 2021 and 2020 based on international and domestic credit assessment agencies.

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Credit grade	Financial assets at fair value through OCI*		Deposits with financial institutions*	
	2021 BND'000	2020 BND'000	2021 BND'000	2020 BND'000
AAA	454,679	584,860	19,631	19,631
Aa1 to Aa3	64,646	76,288	-	2,000
A1 to A3	276,463	195,734	-	75,507
Lower than A1	96,681	99,800	-	-
Unrated	181,901	140,054	-	20,000
Gross carrying amount	1,074,370	1,096,736	19,631	117,138
Loss allowance	-	-	-	-
Net carrying amount	1,074,370	1,096,736	19,631	117,138

* Stage 1: 12-month expected credit losses

As at 31 December 2021 and 2020, the Group and the Authority's deposits are placed with highly reputable financial institutions.

The entity is also exposed to credit risk in relation to Assets held with IMF that are measured at amortised cost. The maximum exposure at the end of the reporting period is the carrying amount of the asset at BND 1,047,110,488 [2020: BND 500,876,266].

Maximum exposure to credit risk - Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment:

Financial assets at fair value through profit or loss	Maximum exposure to credit risk	
	2021 BND'000	2020 BND'000
Debt securities	93,386	63,570
Equity	232,992	180,621
Carrying amount	326,378	244,191

28.2.2. Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group's exposure to market risk is from its financial investment portfolios.

The market risks arising from the Group's activities are monitored by the Investment Advisory Committee (IAC). Regular reports are submitted to the Management and IAC.

(a) Currency risk

Apart from the Group's assets and liabilities with the IMF, which are denominated in SDRs, its exposure to foreign currency risk is limited. The only other significant foreign currency is Singapore Dollar (SGD), on which there is no exposure because

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the Brunei and the SGD are pegged 1:1. The Group manages any other foreign currency exposure using internal hedging techniques, by matching assets and liabilities, wherever possible.

As at 31 December, the Group's exposure to other foreign currencies follows:

	2021 BND'000	2020 BND'000
Investment securities		
US Dollar (USD)	674,398	502,022
Australian dollar (AUD)	21,532	13,098
Hong Kong dollar (HKD)	8,006	2,744
Euro (EUR)	7,482	4,635
Pound Sterling (GBP)	2,572	1,352

A 10% strengthening of the BND against the USD, AUD, HKD, EUR and GBP at 31 December would have decreased profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Authority considered to be reasonably possible at the end of reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2021 BND'000	2020 BND'000
Investment securities		
US Dollar (USD)	67,440	50,202
Australian dollar (AUD)	2,153	1,310
Hong Kong dollar (HKD)	801	274
Euro (EUR)	748	464
Pound Sterling (GBP)	257	135

A weakening of the BND against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

There is no analysis performed on movement against the Singapore dollar (SGD) as the BND is pegged to the Singapore dollar at parity under the Currency Interchangeability Agreement (CIA) signed between the Government of Negara Brunei Darussalam and the Government of Republic of Singapore and is customary tender in Singapore and vice-versa.

SDR, the IMF's unit of account, is essentially a specified basket of five (5) major international currencies (i.e., the U.S. Dollar, Euro, Japanese Yen, Pound Sterling and Chinese Renminbi). The weightage of each currency is as follows:

Currency	Weight (%)
USD	41.73
EUR	30.93
CNY	10.92
JPY	8.33
GBP	8.09
	100.00%

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(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may decrease or create losses in the event that unexpected movements arise. The level of mismatch of interest rate repricing that may be undertaken by the Group is monitored frequently by the IAC.

The following table shows the information relating to the Group's investments in debt securities that are exposed to fair value interest rate risk presented by maturity profile.

31 December 2021	Range of rates	Up to a year	2-5 years	Over 5 years	Total
			(in BND' 000)		
Financial assets at FVTPL	1.60% - 5.00%	-	13,938	79,448	93,386
Financial assets at FVOCI	0.00% - 5.625%	87,936	571,780	414,654	1,074,370

31 December 2020	Range of rates	Up to a year	2-5 years	Over 5 years	Total
			(in BND' 000)		
Financial assets at FVTPL	0% - 4.50%	1,352	9,257	52,961	63,570
Financial assets at FVOCI	0.013% - 5.625%	84,052	459,184	423,629	966,865

The analysis below is performed for reasonably possible movements in interest rate with all other variables held constant, showing the impact on profit for the financial year ended 31 December 2021:

Change in interest rate:	Impact on profit (in BND'000)	
	Fixed Rate	Floating Rate
+1%	(92)	(21)
-1%	92	21

(c) Price risk

Price risk relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices. The Group is exposed to price risk in respect of its investments in listed equities amounting to BND 232,991,630 [2020: BND 180,620,640].

As at 31 December 2021, based on a 10% fall in equity prices, the impact on profit or loss would be reduction of BND 23,299,163.

28.2.3. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the commitments associated with liabilities and other payment obligations. Such risk may result from inadequate market depth or disruption or refinancing problems.

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The Group's objective is to ensure that adequate liquidity is maintained at all times. The Group manages such risk by investing mainly in liquid money market instruments for maturities not exceeding 12 months so as to meet its day-to-day liquidity needs. Alongside with this, the Group imposes exposure limits on its approved counterparty list. Diversification of the fund is also achieved by investing in other asset classes such as debt securities and equities.

	The Group		The Authority	
	2021	2020	2021	2020
Financial assets	BND'000 6,202,478	BND'000 4,638,022	BND'000 6,152,477	BND'000 4,638,022
Financial liabilities	5,225,120	3,710,026	5,175,114	3,710,019

Financial assets consists of cash and cash equivalents, deposits with financial institutions, debt securities, government treasury bills, equity securities, assets held with IMF, and other assets excluding advances from suppliers.

Financial liabilities consists of currency in circulation, deposit and balances of local banks and other local financial institutions, deposit balances of international financial institutions, payables to Government of Brunei Darussalam, liabilities with IMF, other liabilities, sukuk issuance, and provision for distributable earnings to the Government of Brunei Darussalam.

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The following tables analyse the Group and the Authority's financial assets and liabilities at the end of reporting period into relevant maturity groupings based on the remaining period to the contractual maturity date:

The Group 31 December 2021	No specific maturity BND'000	Up to 1 month BND'000	1-3 months BND'000	3-12 months BND'000	1-5 years BND'000	> 5 years BND'000	Total BND'000
Financial assets							
Cash and cash equivalents	2,411,779	253,690	995,755	-	-	-	3,661,224
Deposits with financial institutions	19,631	-	-	-	-	-	19,631
Debt securities	-	278	87,658	1,079,820	-	-	1,167,756
Government treasury bills	-	-	-	-	-	-	-
Equity securities	232,992	-	-	-	-	-	232,992
Assets held with IMF	1,047,111	-	-	-	-	-	1,047,111
Other assets	73,764	-	-	-	-	-	73,764
	3,785,277	253,968	1,083,413	1,079,820	-	-	6,202,478
Financial liabilities							
Currency in circulation	1,431,438	-	-	-	-	-	1,431,438
Deposit and balances of local banks and other financial institutions	2,622,436	-	-	-	-	-	2,622,436
Deposit balance of international financial institutions	24,078	-	-	-	-	-	24,078
Sukuk issuance	-	76,998	-	-	-	-	76,998
Payables to the Government of Brunei Darussalam	109,524	-	-	-	-	-	109,524
Liabilities with IMF	938,547	-	-	-	-	-	938,547
Other liabilities	16,574	-	-	-	-	-	16,574
Provision for distributable earnings to the Government of Brunei Darussalam	-	-	-	5,525	-	-	5,525
	5,142,597	76,998	-	5,525	-	-	5,225,120
Derivative financial instruments							
Foreign exchange contracts							
- Inflow	-	214,722	249,840	-	-	-	464,562
- Outflow	-	(213,924)	(246,450)	-	-	-	(460,374)
	-	798	3,390	-	-	-	4,188

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The Group 31 December 2020	No specific maturity BND'000	Up to 1 month BND'000	1-3 months BND'000	3-12 months BND'000	1-5 years BND'000	> 5 years BND'000	Total BND'000
Financial assets							
Cash and cash equivalents	1,293,169	307,467	1,067,806	-	-	-	2,668,442
Deposits with financial institutions	19,631	-	-	97,507	-	-	117,138
Debt securities	-	-	-	85,404	468,440	476,591	1,030,435
Government treasury bills	-	-	-	129,871	-	-	129,871
Equity securities	180,621	-	-	-	-	-	180,621
Assets held with IMF	500,876	-	-	-	-	-	500,876
Other assets	10,639	-	-	-	-	-	10,639
	2,004,936	307,467	1,067,806	312,782	468,440	476,591	4,638,022
Financial liabilities							
Currency in circulation	1,357,801	-	-	-	-	-	1,357,801
Deposit and balances of local banks and other financial institutions	1,496,025	101,250	-	-	-	-	1,597,275
Deposit balance of international financial institutions	23,582	-	-	-	-	-	23,582
Sukuk issuance	-	40,000	-	411	-	120,000	160,411
Payables to the Government of Brunei Darussalam	110,031	-	-	-	-	-	110,031
Liabilities with IMF	391,805	-	-	-	-	-	391,805
Other liabilities	63,596	-	-	-	-	-	63,596
Provision for distributable earnings to the Government of Brunei Darussalam	-	-	-	5,525	-	-	5,525
	3,442,840	141,250	-	5,936	-	120,000	3,710,026
Derivative financial instruments							
Foreign exchange contracts							
- Inflow	-	403,018	66,643	-	-	-	469,661
- Outflow	-	(398,796)	(65,995)	-	-	-	(464,791)
	-	4,222	648	-	-	-	4,870

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The Authority 31 December 2021	No specific maturity BND'000	Up to 1 month BND'000	1-3 months BND'000	3-12 months BND'000	1-5 years BND'000	> 5 years BND'000	Total BND'000
Financial assets							
Cash and cash equivalents	2,411,779	203,692	995,755	-	-	-	3,611,226
Deposits with financial institutions	19,631	-	-	-	-	-	19,631
Debt securities	-	278	87,658	1,079,820	-	-	1,167,756
Equity securities	232,992	-	-	-	-	-	232,992
Assets held with IMF	1,047,111	-	-	-	-	-	1,047,111
Other assets	73,761	-	-	-	-	-	73,761
	3,785,274	203,970	1,083,413	1,079,820	-	-	6,152,477
Financial liabilities							
Currency in circulation	1,431,438	-	-	-	-	-	1,431,438
Deposit and balances of local banks and other local financial institutions	2,649,517	-	-	-	-	-	2,649,517
Deposit balance of international financial institutions	24,078	-	-	-	-	-	24,078
Payables to the Government of Brunei Darussalam	109,524	-	-	-	-	-	109,524
Liabilities with IMF	938,547	-	-	-	-	-	938,547
Other liabilities	16,485	-	-	-	-	-	16,485
Provision for distributable earnings to the Government of Brunei Darussalam	-	-	-	5,525	-	-	5,525
	5,169,589	-	-	5,525	-	-	5,175,114
Derivative financial instruments							
Foreign exchange contracts							
- Inflow	-	214,722	249,840	-	-	-	464,562
- Outflow	-	(213,924)	(246,450)	-	-	-	(460,374)
	-	798	3,390	-	-	-	4,188

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The Authority 31 December 2020	No specific maturity BND'000	Up to 1 month BND'000	1-3 months BND'000	3-12 months BND'000	1-5 years BND'000	> 5 years BND'000	Total BND'000
Financial assets							
Cash and cash equivalents	1,293,169	307,467	1,067,806	-	-	-	2,668,442
Deposits with financial institutions	19,631	-	-	97,507	-	-	117,138
Debt securities	-	-	-	85,404	468,440	476,591	1,030,435
Government treasury bills	-	-	-	129,871	-	-	129,871
Equity securities	180,621	-	-	-	-	-	180,621
Assets held with IMF	500,876	-	-	-	-	-	500,876
Other assets	10,639	-	-	-	-	-	10,639
	2,004,936	307,467	1,067,806	312,782	468,440	476,591	4,638,022
Financial liabilities							
Currency in circulation	1,357,801	-	-	-	-	-	1,357,801
Deposit and balances of local banks and other local financial institutions	1,656,039	101,250	-	-	-	-	1,757,289
Deposit balance of international institutions	23,582	-	-	-	-	-	23,582
Payables to the Government of Brunei Darussalam	110,031	-	-	-	-	-	110,031
Liabilities with IMF	391,805	-	-	-	-	-	391,805
Other liabilities	63,986	-	-	-	-	-	63,986
Provision for distributable earnings to the Government of Brunei Darussalam	-	-	-	5,525	-	-	5,525
	3,603,244	101,250	-	5,525	-	-	3,710,019
Derivative financial instruments							
Foreign exchange contracts							
- Inflow	-	403,018	66,643	-	-	-	469,661
- Outflow	-	(398,796)	(65,995)	-	-	-	(464,791)
	-	4,222	648	-	-	-	4,870

