



اءوتوري تي مونيتاري بروني دارالسلام

AUTORITI MONETARI BRUNEI DARUSSALAM

ANNUAL REPORT

2013

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Sabda by

**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 Chairman of Autoriti Monetari Brunei Darussalam**



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ
الْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ، وَالصَّلَاةُ وَالسَّلَامُ
عَلَى أَشْرَفِ الْمُرْسَلِينَ، سَيِّدِنَا مُحَمَّدٍ وَعَلَى
آلِهِ وَصَحْبِهِ أَجْمَعِينَ، وَبَعْدُ

In the year 2013, the global economy was on track for recovery despite the numerous challenges. Developed countries continued to pursue and implement specific policies to boost economic growth and also improve their fiscal situation. Meanwhile, emerging and developing countries emphasised on the priority to strengthen economic fundamentals as well as to further stimulate domestic demand to ride through the difficult external conditions. For Brunei Darussalam, economic growth for the first half of the year was positive and notably the non-oil and gas sector growth has continued to

be promising. However, in the second half of the year, the decline in oil production brought about overall negative GDP growth for 2013. This reinforces the urgent need to intensify efforts to diversify the economy and to reduce reliance on oil and gas. Domestic price remained stable primarily due to government subsidies and price controls on basic necessities as well as the strengthening of Brunei Dollar.

AMBD in its continuous efforts to ensure and sustain monetary and financial stability, exercises sound and prudent measures in its regulation and supervision of financial institutions operating in the country. At the same time, the strengthening of resources and capabilities is necessary to ensure effective policy implementation. The enactment of Securities Markets Order, 2013 was a major step towards realising our aspiration to develop capital markets in the country. The legislation will provide greater investor protection and increased market confidence. This will provide the necessary framework for the development of diversified capital market products and services which could in particular facilitate the Public Private Partnership (PPP) initiatives to support the objectives of Brunei Darussalam's National Development Plan. In this respect, concerted efforts by AMBD, relevant government agencies as well as the industry players are crucial to seize the opportunities in the various areas of financial services, especially in the area of Islamic finance.

On the international front, AMBD plays an active role in driving the ASEAN initiative towards ASEAN Economic Integration especially in the area of financial services. As Brunei Darussalam held the chairmanship of ASEAN in 2013, AMBD hosted a series of ASEAN meetings including the ASEAN Central Bank Governors Meeting (ACGM). The highlight of AMBD's events in 2013 was the organising of Brunei Darussalam Islamic Investment Summit (BIIS 2013) which brought together experts in Islamic finance, and provided a platform for participants to share knowledge and experiences, as well as exchange views on current issues pertaining to Islamic Finance with special focus on investment opportunities in the Asian region. This signifies our commitment towards achieving our aspiration to develop/establish Brunei Darussalam as a premier Islamic financial centre. On another note, I would like to take this opportunity to express my sincere appreciation to AMBD's international counterparts for the forthcoming and continuous support extended to AMBD not only in the form of sharing of experience but also via trainings offered to our staff.

Finally, I would like to express my sincere thanks to the Board of Directors, management and staff of AMBD for their contributions during the year. I hope this annual report will serve as a useful reference for the general public and financial institutions.

Foreword by Managing Director

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

It gives me great pleasure to present the 3rd Annual Report of AMBD which encompasses the detailed developments of Brunei Darussalam's monetary and financial sector throughout 2013. It was indeed an eventful year for AMBD as it further shaped the organisation into a strong and credible central bank and regulator of the financial institutions.

The banking industry continued to be liquid and overall recorded an encouraging profitability in 2013. Lending especially to the business sector has shown a notable increase while the non-performing loan ratio continued to come down further. We observe that Islamic banking is advancing as its share in the whole banking system increased to 41 percent versus 39 percent in 2012. Similarly, in the midst of the positive growth in the insurance and takaful industry, the growth of takaful companies was accelerating faster than the conventional insurance companies. Finance companies also posted healthy growth of 10.9 percent in assets and 12.8 percent in deposits.

On the regulatory side, the issuance of new directives to the banks and finance companies was aimed to spur productive credit in the economy as well as to promote savings culture amongst the public. More importantly, these directives act as a platform to support the country's economic diversification goals towards achieving Vision 2035. In 2013, there has also been a marked improvement in the country's financial

system with the removal of Brunei Darussalam from the list of countries identified by the Financial Action Task Force – International Cooperation Review Group (FATF-ICRG) as jurisdictions with significant deficiencies in their Anti-Money Laundering and Counter Financing of terrorism (AML/CFT) regimes.

Another key achievement in 2013 was the improvement in the assets quality of banks and finance companies as the operations of the Credit Bureau gained pace. The establishment of the Credit Bureau in 2012 was recognised by the World Bank in its recent Doing Business Report 2014, pushing Brunei Darussalam 20 notches up in ranking to number 59 out of 189 countries. Another one of AMBD's efforts to enhance the country's financial infrastructure is the work on the establishment of a modern national payment and settlement system which has begun in 2013 with the Real-Time Gross Settlement (RTGS) and Automated Clearing House (ACH) are expected to be launched by 2014. The completion of this project will significantly enhance financial stability as well as further develop the financial services sector as a whole.

In the area of international developments, AMBD was privileged to host a number of major events in 2013. As the chair of ASEAN Central Bank Governors' Meeting (ACGM) for 2013, AMBD hosted the 9th ACGM and other related meetings in April in conjunction with the ASEAN Finance Ministers Meeting. Another important

event was the inaugural Brunei Darussalam Islamic Investment Summit which was held to enhance the knowledge of Islamic Finance, discuss investment opportunities in the Asian region and further promote Islamic finance in the country. AMBD also continued to strengthen cooperation with regional partners during the year where Memorandums of Understanding were signed with Bank Negara Malaysia as well as with Securities Commission Malaysia. A bilateral meeting with Monetary Authority Singapore (MAS) was also held to enhance the already strong cooperative ties between MAS and AMBD, and provide a regular platform for both monetary authorities to discuss issues of mutual interest.

In closing, I would like to express my deepest gratitude to His Royal Highness the Chairman and the Board of Directors for their valuable guidance and support. I would also like to take this opportunity to thank all AMBD personnel for their sincere dedication and contribution to the organisation.

***Dato Paduka Awang Haji Mohd Rosli
bin Haji Sabtu***

MEMBERS OF THE BOARD OF DIRECTORS



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



**Yang Berhormat Pehin
Orang Kaya Indera
Pahlawan Dato Seri Setia
Awang Haji Suyoi
bin Haji Osman**
*Minister of
Development as Deputy
Chairman of AMBD*



**Yang Berhormat Pehin
Orang Kaya Laila Setia Dato
Seri Setia Awang Haji Abdul
Rahman bin Haji Ibrahim**
*Minister of Finance II
at the Prime
Minister's Office*



**Yang Mulia
Dato Paduka Awang
Haji Ali bin Apong**
*Deputy Minister
at the Prime
Minister's Office*



**Yang Arif
Dato Seri Setia Awang Haji
Metussin bin Haji Baki**
*Syariah High Court
Judge*



**Yang Mulia
Dato Paduka Awang Haji
Mohd Roselan bin Haji
Mohd Daud**
*Permanent Secretary
at the Prime Minister's Office*



**Yang Mulia
Dato Paduka Awang
Haji Hisham bin
Haji Mohd Hanifah**
*Permanent Secretary
(Policy & Investment)
Ministry of Finance*



**Yang Mulia
Dato Paduka Awang Haji
Mohd Rosli
bin Haji Sabtu**
*Managing Director
of AMBD*

FINANCIAL STABILITY COMMITTEE

Chairman

Yang Berhormat Pehin Orang Kaya Indera Pahlawan Dato Seri Setia Awang Haji Suyoi bin Haji Osman
Minister of Development as Deputy Chairman of AMBD

Deputy Chairman

Yang Mulia Dato Paduka Awang Haji Ali bin Apong
Deputy Minister at the Prime Minister's Office

Members

- i) **Yang Arif Dato Seri Setia Awang Haji Metussin bin Haji Baki**
Sharia High Court Judge
- ii) **Yang Mulia Dato Paduka Awang Haji Mohd Roselan bin Haji Mohd Daud**
Permanent Secretary at the Prime Minister's Office
- iii) **Yang Mulia Dato Paduka Awang Haji Hisham bin Haji Mohd Hanifah**
Permanent Secretary (Policy & Investment), Ministry of Finance
- iv) **Yang Mulia Dato Paduka Awang Haji Mohd Rosli bin Haji Sabtu**
Managing Director, AMBD
- v) **Yang Mulia Awang Haji Rosdi Amin bin Dato Paduka Haji Yaakub**
Deputy Managing Director (Monetary and Corporate Services & Development), AMBD
- vi) **Yang Mulia Dayang Hajah Lily binti Haji Kula**
Deputy Managing Director (Regulatory), AMBD
- vii) **Yang Mulia Awang Haji Adi Marhain bin Haji Leman**
Assistant Managing Director (Monetary Operations), AMBD

Secretariat

- i) *Regulatory Department, AMBD*
- ii) *Monetary Policy and Management Department, AMBD*

AUDIT COMMITTEE

Chairman

Yang Mulia Dato Paduka Awang Haji Mohd Roselan bin Haji Mohd Daud
Permanent Secretary at the Prime Minister's Office

Members

- i) **Yang Mulia Awang Haji Azhar bin Haji Ahmad**
Deputy Permanent Secretary (Technology), Ministry of Defence
- ii) **Yang Mulia Awang Haji Zakaria bin Haji Serudin**
Deputy Permanent Secretary (Performance and Compliance), Ministry of Finance
- iii) **Yang Mulia Dayang Hajah Rokiah binti Haji Badar**
Accountant General at Treasury Department, Ministry of Finance

Secretariat

Internal Audit Unit, AMBD

INVESTMENT ADVISORY COMMITTEE

Chairman

Yang Mulia Dato Paduka Awang Haji Hisham bin Haji Mohd Hanifah
Permanent Secretary (Policy & Investment), Ministry of Finance

Deputy Chairman

Yang Mulia Dato Paduka Awang Haji Mohd Rosli bin Haji Sabtu
Managing Director, AMBD

Members

- i) **Yang Mulia Awang Haji Abu Bakar bin Haji Ibrahim**
Deputy Permanent Secretary (Investment), Ministry of Finance
- ii) **Yang Mulia Awang Haji Khairuddin bin Haji Abd Hamid**
Acting Managing Director, Brunei Investment Agency
- iii) **Yang Mulia Awang Haji Adi Marhain bin Haji Leman**
Assistant Managing Director, AMBD
- iv) **Yang Mulia Awang Haji Abdul Razak bin Hasbullah**
Deputy Director, Head of Operations Division, Brunei Investment Agency

Secretariat

Yang Mulia Awang Mardini bin Haji Eddie
Executive Director (Reserve Investment and Payment & Settlement System), AMBD

Note:

1. Yang Mulia Dato Paduka Awang Haji Mohd Roselan bin Haji Mohd Daud was appointed as a member of the Board on 1 January 2014.
2. Yang Mulia Dayang Naimah binti Mohd Ali served as a member of the Board from 18 September 2012 to 31 December 2013.
3. Yang Mulia Dato Paduka Dr Awang Haji Ismail bin Haji Duraman served as a member of the Board from 1 January 2011 to 31 December 2013.

MANAGEMENT TEAM

1. **Yang Mulia Dato Paduka Awang Haji Mohd Rosli bin Haji Sabtu**
Managing Director
2. **Yang Mulia Awang Haji Rosdi Amin bin Dato Paduka Haji Yaakub**
Deputy Managing Director (Monetary and Corporate Services & Development)
3. **Yang Mulia Dayang Hajah Lily binti Haji Kula**
Deputy Managing Director (Regulatory)
4. **Yang Mulia Awang Haji Adi Marhain bin Haji Leman**
Assistant Managing Director (Monetary Operations)
5. **Yang Mulia Awang Md Yassin bin Haji Bini**
Executive Director (Currency Management, Mint and Currency Design/Gallery)
6. **Yang Mulia Dayang Hajah Sufinah binti Haji Sahat**
Executive Director (Corporate Services)
7. **Yang Mulia Awang Mardini bin Haji Eddie**
Executive Director (Reserve Investment and Payment & Settlement System)
8. **Yang Mulia Dayang Hajah Rashidah binti Haji Sabtu**
Executive Director (Banking and Specialised Market Supervision)
9. **Yang Mulia Dayang Hajah Mahani binti Haji Mohsin**
Executive Director (Insurance/Takaful and Capital Market Supervision)
10. **Yang Mulia Dayang Hajah Nuralia binti Haji Abd Rahim**
Head of Financial Intelligence and Enforcement Unit
11. **Yang Mulia Dayang Hajah Siti Norishan binti Haji Abdul Ghafor**
Principal Counsel (Corporate and Legal Affairs)
12. **Yang Mulia Awang Haji Mohd Shukri bin Haji Ahmad**
Head of Islamic Financial Services Unit

MANAGEMENT TEAM



From left to right:

Dyg Hjh Siti Norishan binti Hj Abd Ghafor, Dyg Hjh Mahani binti Hj Mohsin, Awg Mardini bin Hj Eddie, Awg Md Yassin bin Hj Bini, Awg Hj Rosdi Amin bin Dato Paduka Hj Yaakub, Dato Paduka Hj Mohd Rosli bin Hj Sabtu (Managing Director), Dyg Hjh Lily binti Hj Kula, Awg Hj Adi Marhain bin Hj Leman, Awg Hj Shukri bin Hj Ahmad, Dyg Hjh Sufinah binti Hj Sahat, Dyg Hjh Rashidah binti Hj Sabtu, Dyg Hjh Nurallia binti Hj Abd Rahim

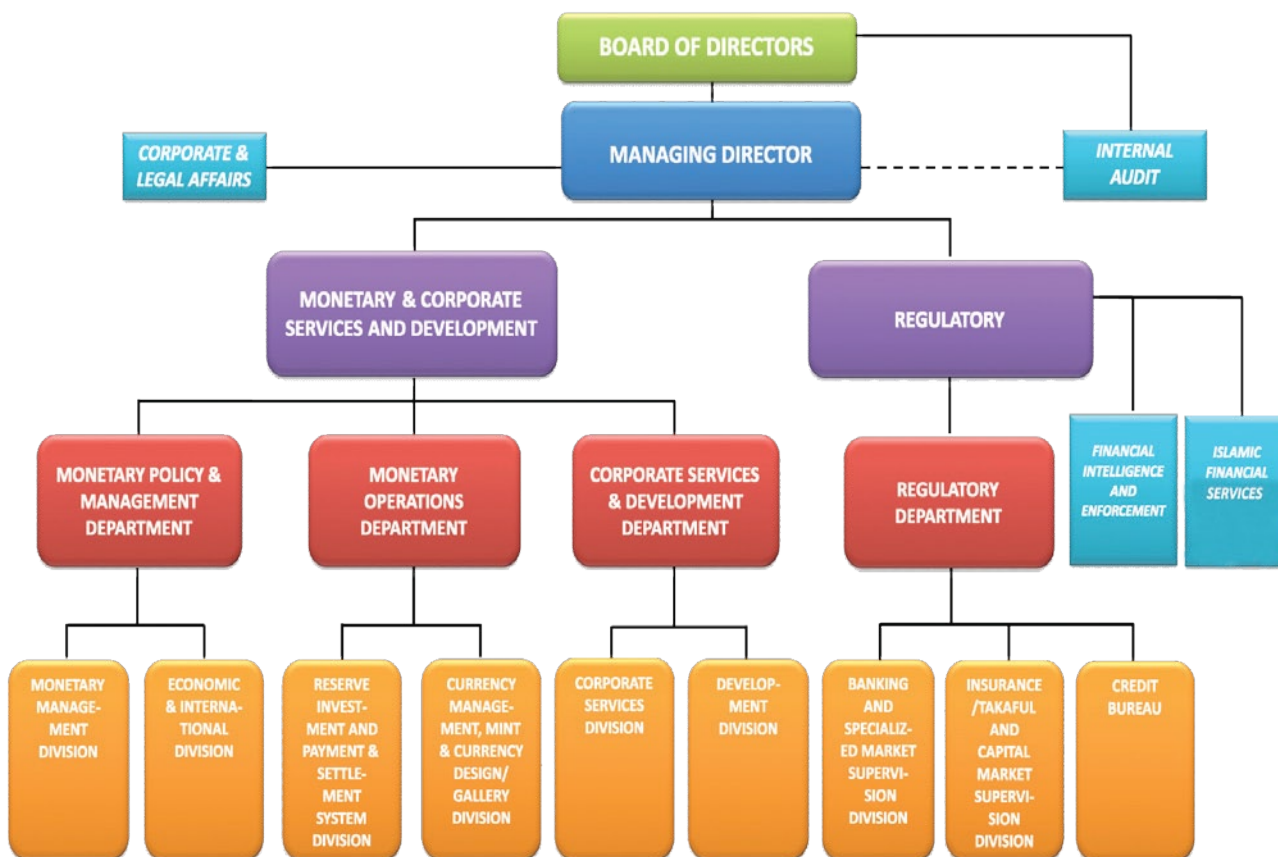
Note:

1. Yang Mulia Awang Chong Fu Li served as Deputy Managing Director (Regulatory) from 1 January 2011 to 4 May 2013.
2. Yang Mulia Awang Haji Zakaria bin Haji Serudin served as Deputy Managing Director (Monetary and Corporate Services & Development) from 3 June 2013 to 29 October 2013.
3. Yang Mulia Dayang Hajah Lily binti Haji Kula was appointed as Deputy Managing Director (Regulatory) on 3 June 2013.
4. Yang Mulia Awang Haji Rosdi Amin bin Dato Paduka Haji Yaakub was appointed as Deputy Managing Director (Monetary and Corporate Services & Development) on 2 January 2014.
5. Yang Mulia Awang Haji Shukri bin Haji Ahmad was appointed as Head of Islamic Financial Services Unit on 1 October 2013.

ORGANISATIONAL STRUCTURE

The Board of Directors, comprising of the Chairman, Deputy Chairman and seven other board members, including the Managing Director, are responsible for the formulation of AMBD's policies. The Managing Director, as the chief executive, is assisted by one Deputy Managing Director from the Regulatory Sector, and one from the Monetary and Corporate Services & Development sector.

Chart 1: Organisation Chart



MAIN OBJECTIVES

The principal objectives of AMBD under the Autoriti Monetari Brunei Darussalam Order, 2010 are:

- i. To achieve and maintain domestic price stability;
- ii. To ensure the stability of the financial system, in particular by formulating financial regulation and prudential standards;
- iii. To assist in the establishment and functioning of an efficient payments system and to oversee them; and
- iv. To foster and develop a sound and progressive financial services sector.

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1. GLOBAL ECONOMIC REVIEW

The year 2013 saw a strengthening of economic recovery in advanced economies where the global economy grew by 3.0 percent in 2013 as compared to 3.1 percent in 2012. Looking forward to 2014, the global economy is expected to gain momentum with increased economic activity in both advanced and emerging economies.

The US economy grew at a modest 1.9 percent in 2013, compared to 2.8 percent the previous year. The “fiscal cliff” or budget sequester is estimated to have subtracted about 1.5 to 2.0 percentage points from growth in 2013. The unemployment rate at the end of 2013 was 6.7 percent, compared to 8.1 percent in 2012. The Federal Reserve maintained its benchmark interest rate at 0 to 0.25 percent. In its last meeting of the year, the Federal Reserve decided to reduce its quantitative easing program by US\$10 billion to US\$75 billion a month, starting January 2014. Reflecting the strengthening of US economic recovery, the quantitative easing program is expected to be ceased by the end of 2014 with an increase in the benchmark interest rate in 2015. The announcement by the Federal Reserve in the second quarter of 2013 of a possible reduction of quantitative easing caused some financial market volatility, with vulnerable emerging economies facing large capital outflows and currency depreciations. However, these economies were better prepared when the Federal Reserve officially announced the start of the quantitative easing reduction in December.

The Eurozone economy continued to be in a recession, with a contraction of 0.5 percent in 2013 compared to a contraction of 0.7 percent during the previous year. Over the year, the European Central Bank (ECB) reduced its key interest rate twice; in May by 25 basis points to 0.50 percent, and in November by 25 basis points to 0.25 percent. The Eurozone economy is expected to come out of recession in 2014. However, deflation risk is emerging in the region which could hamper the pace of recovery. Inflation stood at 0.8 percent in December 2013, the lowest since February 2010.

China’s economy recorded a 7.7 percent growth rate in 2013, similar to the growth rate in 2012. The Chinese government unveiled key reforms at its Third Plenum in November including those relating to financial sector liberalisation, fiscal reform and rural land reform. These reforms are aimed at creating a sustainable growth model for China, albeit at a slower pace of economic growth than in the past decade.

Japan’s economy expanded by 1.5 percent in 2013 due to Abenomics, following growth of 1.4 percent in 2012. In January 2013, the Japanese government unveiled a ¥10.3 trillion stimulus package with another stimulus package of ¥5.5 trillion in December to offset the sales tax increase to be introduced in April 2014. The Bank of Japan in April 2013 unveiled its new primary monetary policy tool, Quantitative and Qualitative Easing, which was aimed towards achieving 2 percent inflation by 2015 through increasing the monetary base by ¥60 - ¥70 trillion a year.

The ASEAN-5 namely Indonesia, Malaysia, Philippines, Thailand and Vietnam experienced weaker growth of 5.0 percent in 2013 compared to 6.2 percent in the previous year mainly due to weak external demand. Meanwhile, Singapore’s economy picked up from 1.3 percent in 2012 to 4.1 percent in 2013. Major contributors to the growth were the strengthening of the manufacturing sector, particularly in electronics and transport engineering, and the services sector, mostly due to finance and wholesale and retail trade.



2. ECONOMY OF BRUNEI DARUSSALAM

Real Gross Domestic Product (GDP) in 2013 declined by 1.8 percent year-on-year to B\$12.1 billion. The Oil and Gas sector saw a decrease of 7.2 percent. Meanwhile, the non-Oil and Gas sector reported growth of 2.7 percent, mainly driven by the expansion in Manufacturing; Construction; Transport & Communication; Trade; Private Services; and Government Services.

The inflation rate for 2013 was 0.4 percent. The main contributors for the increase in the overall Consumer Price Index (CPI) were Transport; Education; and Clothing and Footwear. Meanwhile, decreases were reported in indexes of amongst others, Miscellaneous Goods & Services; Furnishings, Household Equipment & Routine Household Maintenance; and Health. In November 2013, the Department of Economic Planning and Development rebased the CPI whereby the base year was changed from 2005 to 2010. The weights for the components in CPI were also revised based on the results of the Household Expenditure Survey 2010/2011. Thus, it can be observed that Food and Non-Alcoholic Beverages now has the largest weight instead of Transport, and Tobacco was excluded from the basket of goods and services since it is no longer readily available in retail stores in Brunei Darussalam.

During the 9th Legislative Council Meeting in March 2013, it was announced that the Government budget for 2013/2014 was B\$6.1 billion, an increase of B\$200 million compared to the previous financial year 2012/2013. The theme of the budget was to generate sustainable and inclusive economic growth; prioritising on (i) efforts to increase capacity, especially of the youths, by providing and promoting training through improvement in educational facilities and infrastructure, (ii) strengthening the private sector to drive sustainable and inclusive growth, and (iii) increase the well-being of the public, including efforts towards poverty reduction. For the financial year 2013/2014, budget was allocated to projects under the 10th National Development Plan to, among others, build and upgrade educational facilities, develop industrial sites, supporting the industrial and trade sectors, encouraging ICT companies to venture abroad, and improving government infrastructure including water supply, roads, flood prevention, street lights and national housing schemes.

Exports in 2013 fell by 11.8 percent mainly due to the decline in crude oil exports and LNG exports by 18.2 percent and 3.8 percent respectively. Imports for the same period increased 1.5 percent. The growth was due to the increase recorded in imports of Chemicals; Machinery and Transport Equipment; and Miscellaneous Manufactured Articles. Despite the decline in exports, an overall trade surplus was achieved which stood at B\$9.8 billion.

The exchange rate of Brunei Dollar¹ to the US Dollar was B\$1.2630 to US\$1.00 at the end of 2013, indicating a depreciation of Brunei Dollar by 3.4 percent as compared to end of 2012. Meanwhile, when compared against the currencies of Brunei Darussalam's other major trading partners, Brunei Dollar has strengthened by 3.3 percent against Thai Baht, 3.6 percent against Malaysian Ringgit and 14.8 percent against Japanese Yen. On the other hand, Brunei Dollar depreciated by 4.4 percent against Korean Won over the same period.

¹ Brunei Dollar performance is largely influenced by the movement of Singapore Nominal Effective Exchange Rate (S\$NEER) against the foreign currencies stemming from the fact that Brunei Darussalam adopts the currency board arrangement since 1967. Within this framework, the Currency Interchangeability Agreement (CIA) was signed with the Republic of Singapore whereby Brunei dollar is at one-to-one parity with Singapore Dollar and both countries accept each others' currencies as customary tender.

Table 1: Economy of Brunei Darussalam

Items	2012		2013		Percentage change
	Amount (B\$ millions)	Market share (Percent)	Amount (B\$ millions)	Market share (Percent)	
Real Gross Domestic Product	12,369		12,152		-1.8
Oil & Gas Sector	5,544	44.8	5,144	42.3	-7.2
Non - Oil & Gas Sector	6,825	55.2	7,009	57.7	2.7
Exports	16,221		14,309		-11.8
Crude Oil	7,824	48.2	6,398	44.7	-18.2
LNG	7,706	47.5	7,414	51.8	-3.8
Others	690	4.3	498	3.5	-27.9
Imports	4,455		4,521		1.5
Food and Live Animals	600	13.5	600	13.3	0.0
Beverages and Tobacco	65	1.5	62	1.4	-5.4
Crude Material Inedible Except Fuel	64	1.4	51	1.1	-20.2
Mineral Fuels, Lubricants and Related Materials	458	10.3	339	7.5	-25.9
Vegetable Oils and Animal Fats	17	0.4	14	0.3	-17.3
Chemicals	326	7.3	361	8.0	10.8
Manufactured Goods by Materials	1,066	23.9	920	20.3	-13.7
Machinery and Transport Equipments	1,387	31.1	1,656	36.6	19.4
Miscellaneous Manufactured Articles	435	9.8	481	10.6	10.6
Miscellaneous Transactions and Commodities Not Elsewhere Classified	38	0.9	37	0.8	-3.1
Total Trade	20,676		18,830		-8.9
Consumer Price Index	100.3		100.6		0.4
Exchange Rate	2012		2013		Percentage change²
B\$/unit of US Dollar	1.2216		1.2630		3.4
B\$/100 units of Japanese Yen	1.4079		1.1992		-14.8
B\$/100 units of Korean Won	0.1148		0.1199		4.4
B\$/100 units of Malaysian Ringgit	39.94		38.51		-3.6
B\$/100 units of Thai Baht	3.9900		3.8600		-3.3

² Negative sign denotes appreciation of the Brunei Dollar and positive sign means depreciation of the Brunei Dollar against the foreign currencies.

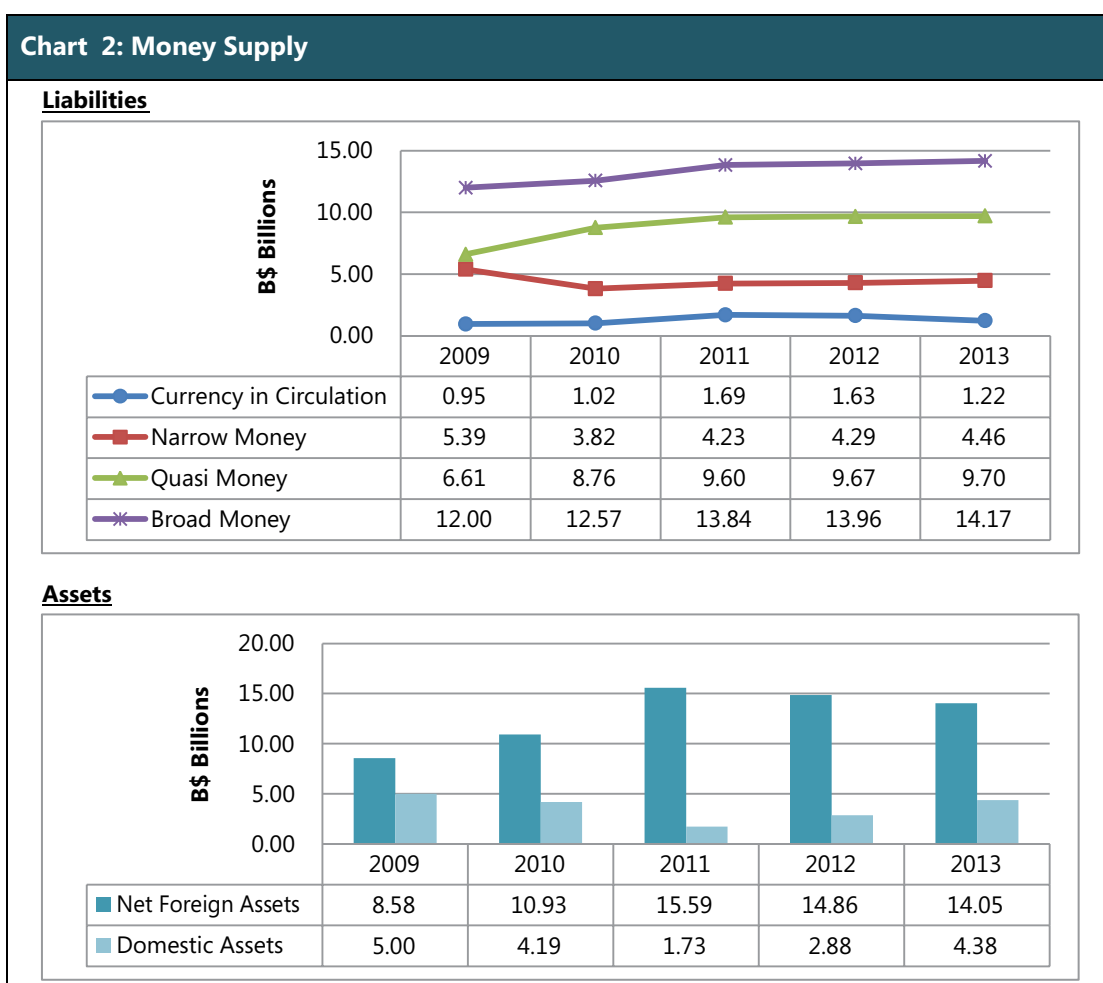
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3. MONETARY SECTOR DEVELOPMENTS

3.1 MONEY SUPPLY

Broad money³ (M2) grew by 1.5 percent year-on-year in 2013 to B\$14.2 billion. Narrow money⁴ (M1) expanded 4.0 percent over the year to stand at B\$4.5 billion. Meanwhile, Quasi money⁵ stood at B\$9.7 billion, reflecting an increase of 0.3 percent for the same period. Currency in circulation declined 25.0 percent to B\$1.2 billion.

In 2013, net foreign assets of the depository corporations⁶ declined 5.5 percent year-on-year to B\$14.0 billion. Domestic claims⁷ stood at B\$4.4 billion, reflecting an increase of 52.3 percent.



Source: Economics Unit, AMBD

Currency in Circulation

As shown in Chart 3, the gross currency in circulation at end of 2013 declined by 25.0 percent to B\$1.2 billion compared with the previous year. The contraction was mainly contributed by the change in procedure for banks to fulfil the Asset Maintenance Requirement (AMR). Meanwhile, the active currency in circulation⁸ was B\$956.7 million, showing an increase of B\$29.1 million or 3.1 percent compared to 2012. The external assets for the currency back-up stood at B\$1.5 billion as at end of 2013, providing 122.9 percent coverage to the currency in circulation.

³ Broad money is referring to Narrow Money plus Quasi Money.

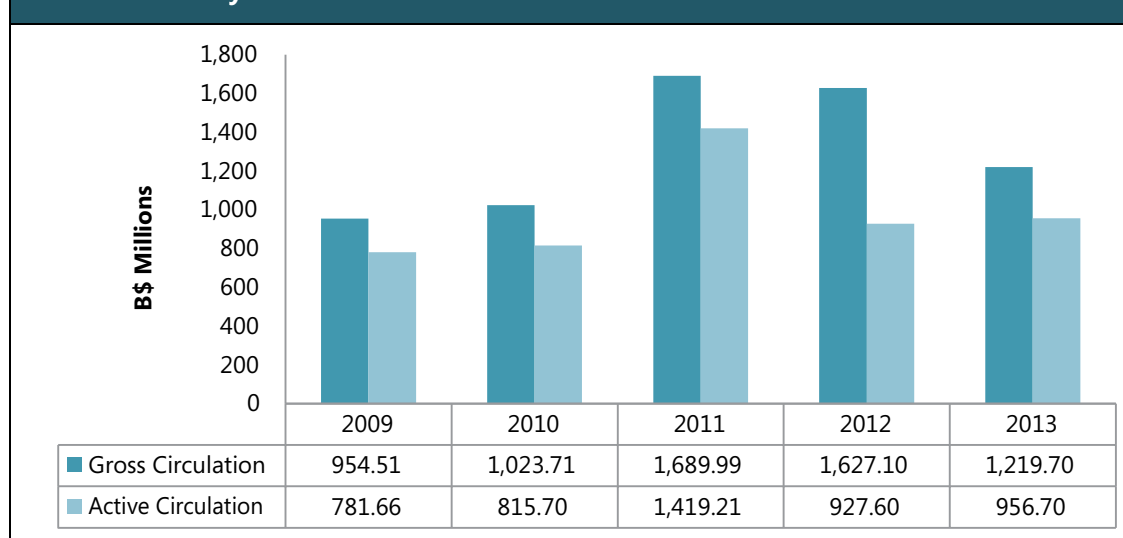
⁴ Narrow money is referring to Currency outside Banks plus Demand Deposits of Private Sector.

⁵ Quasi money is referring to Fixed Deposits plus Savings & Other Deposits.

⁶ Depository Corporations consist of Central Bank and Other Depository Corporations.

⁷ Claims on Other Sectors consist of Claims on Private Sector, Public Nonfinancial Corporations, and Other Nonfinancial Corporations.

⁸ Active circulation does not include commemorative coins, cash holdings of commercial banks in Brunei Darussalam and Brunei currency held by MAS pending repatriation.

Chart 3: Currency in Circulation

Source: Currency Management Unit, AMBD

3.2 BRUNEI GOVERNMENT SUKUK AL-IJARAH

Table 2 illustrates that a total of B\$1.6 billion Sukuk Al-Ijarah was issued in 2013. Among the 16 series issued, one series had a tenor of 364 days, two series had a tenor of 273 days, one series had a tenor of 182 days with the remainder having a tenor of 91 days. The issuances for 182 days and 273 days were first issued on 19 December 2013 and 10 October 2013 respectively. These tenors were introduced to establish a risk-free benchmark yield curve. Since its inauguration in 2006, issuance of Sukuk Al-Ijarah has reached B\$6.7 billion and as at 31 December 2013, it had an outstanding amount of B\$500 million.

Table 2: Brunei Government Sukuk Al-Ijarah Issuances

Year	No. of issuances				Total value of issuances (B\$ millions)	Average rental yield (Percent)			
	91 days	182 days	273 days	364 days		91 days	182 days	273 days	364 days
2006	4	-	-	-	570	3.375	-	-	-
2007	6	-	-	1	450	2.506	-	-	2.300
2008	10	-	-	2	374	0.831	-	-	1.325
2009	16	-	-	2	617	0.339	-	-	0.475
2010	14	-	-	1	649	0.300	-	-	0.340
2011	11	-	-	1	991	0.181	-	-	0.350
2012	14	-	-	1	1,500	0.180	-	-	0.280
2013	12	1	2	1	1,579	0.171	0.180	0.195	0.200
Total	87	1	2	9	6,730	0.610	0.180	0.195	0.786

Source: Monetary Management Division, AMBD

Box 1: Commemorative Coins for Brunei Darussalam's Chairmanship of ASEAN in 2013

In conjunction with Brunei Darussalam's Chairmanship of ASEAN in 2013, AMBD issued commemorative gold, silver and cupronickel coins on 1 April 2013. This was the first time that octagonal-shaped commemorative coins have been issued in Brunei Darussalam.

The design on the obverse of the coin depicts the portrait of His Majesty Sultan Haji Hassanal Bolkiah Muizzaddin Waddaulah Ibni Al-marhum Sultan Haji Omar 'Ali Saifuddien Sa'adul Khairi Waddien, Sultan and Yang Di-Pertuan of Brunei Darussalam. Meanwhile, the design on the reverse of the coin depicts the logo for Brunei Darussalam's Chairmanship of ASEAN in 2013.

The details of the commemorative coins are as follows:-

Type	Face value	Weight	Quantity Minted	Selling price
Gold 999.99	\$100	31.10 gm	200 pieces	\$ 3,340 per piece
Silver 999	\$50	31.10 gm	400 pieces	\$ 240 per piece
Cupronickel	\$10	31.10 gm	800 pieces	\$ 170 per piece
Set 3 in 1	\$100, \$50 & \$10	Same as above	150 sets	\$ 4,000 per set



The three commemorative coins issued to commemorate Brunei Darussalam's Chairmanship of ASEAN in 2013

Source: Currency Design/Gallery Unit, AMBD

The header features a dark teal background with a repeating geometric pattern of interlocking circles and lines. A central black rectangular box contains the text '4. FINANCIAL SECTOR DEVELOPMENTS' in a bold, yellow, sans-serif font. The header is framed by thin gold horizontal lines.

4. FINANCIAL SECTOR DEVELOPMENTS

Brunei Darussalam has a dual financial system comprising of Islamic and conventional financial institutions. Total assets of the key financial institutions at the end of 2013 were B\$23.2 billion; of which 94.0 percent was attributed to the banking sector (Table 3).

Table 3: Total Assets of the Major Financial Institutions				
Financial Institutions Regulated by AMBD	2012		2013	
	Amount (B\$ millions)	Share of Total Assets (Percent)	Amount (B\$ millions)	Share of Total Assets (Percent)
Deposit Taking Institutions	21,823	93.9	21,796	94.0
Banks including Perbadanan TAIB	19,685	84.7	19,340	83.4
Conventional	11,992	51.6	11,407	49.2
Islamic	7,693	33.1	7,933	34.2
Finance Companies	2,040	8.8	2,264	9.8
Offshore Banks	98	0.4	193	0.8
Other Licensed Financial Institutions	1,423	6.1	1,381	6.0
Insurance Companies & Takaful	1,246	5.4	1,327	5.7
Conventional	879	3.8	913	3.9
Takaful	367	1.6	414	1.8
Offshore Insurance Companies	177	0.8	54	0.2
Total Assets	23,245	100.0	23,177	100.0

Source: Regulatory Department, AMBD

Table 4 shows that there are 8 fully licensed commercial banks currently operating in Brunei Darussalam; 2 local banks (1 conventional bank and 1 Islamic bank), 3 branches of international banks and 3 branches of regional banks. There is also an Islamic Trust Fund which provides specialised financial services. AMBD has also granted a Restricted Banking Licence under Section 23 of the Banking Order, 2006 to State Street (Brunei) Sdn Bhd. Its activities are restricted to support clients based in the country through client servicing and relationship management only. Also, it does not accept deposits or engage in any other core banking functions.

In addition, there are 3 licensed finance companies; 2 conventional and 1 Islamic. These finance companies are wholly-owned subsidiaries of three licensed banks in Brunei Darussalam. There are 4 offshore banks operating within the framework of the International Banking Order, 2000. In addition, 13 insurance companies and takaful operators are also represented in Brunei Darussalam's financial system, 9 of which are conventional insurance operators and 4 are takaful operators.

Table 4: Banking: Number of Financial Institutions Operating in Brunei Darussalam

Type	2013
Commercial Banks	8
Local	2
International	3
Regional	3
Trust Fund	1
Restricted License Bank	1
Finance Companies	3
Conventional	2
Islamic	1
Offshore Banks	4
Insurance	13
Conventional	9
Takaful	4

Source: Regulatory Department, AMBD

Table 5 shows the recent developments in the financial sector that have taken place in 2013. During the year, four Regulatory notices were issued to all banks and finance companies. The first three notices, namely Notice No.1/2013 (Regulation of Interest/Profit Rates); Notice No. 2/2013 (Regulation of Interest, Profit Rates on Residential Property Loans/Financing); and Notice No. AMBD/R/32/2013/1 (Maximum Financing Rate for New & Used Motor Vehicles (Excluding Motorcycles) were issued with the primary objective of increasing the availability of credit at a reasonable cost to users of credit which would be more reflective of the actual cost of funds for the banks and finance companies. They were also aimed at ensuring that savers in Brunei Darussalam are rewarded with a reasonable return on their savings, thereby promoting a savings culture amongst the public. The Authority also wishes to ensure that public resources at the disposal of the banks are increasingly available to the general public to service their credit needs at affordable rates. Additionally, these notices will help to spur the growth of productive credit in the economy and thereby supporting the country's economic diversification goals towards Vision 2035.

The guidelines to auditors issued under Notice No. AMBD/R/32/2013/2 served to ensure quality statutory audits of financial institutions and that these audits are consistent with international and regional best practices. It addresses several issues namely the qualifying criteria for the appointment of auditors by licensed institutions; the Authority's supervisory expectations regarding the terms of audit engagements; application procedures and reporting obligations to be observed by licensed institutions. The provisions are aimed at promoting the accuracy and reliability of financial statements of financial institutions for supervisory and general disclosure purposes as well as to support and complement the efficacy of the Authority's risk-based supervisory process and reinforce effective market discipline.

Meanwhile, the publication of bank services' charges underscores the Authority's desire to eliminate information asymmetry to consumers of financial products and to enable them to make conscious decisions based on the availability and cost of these services across the industry. The underlying principle of this objective is that charges levied on customers should be purely for value added services on top of the

services which have already been rendered and contracted for, when the customer first establishes an account relationship with the bank. The Authority also encourages the publication of bank charges and rates for regulatory transparency and promoting healthy competition amongst industry participants for the benefit of the consumer. The format seeks to ensure maximum disclosure of the true cost of borrowing, including the Effective Interest Rate/Annual Profit Rate, and all fees and charges levied by banks for the range of banking services and products offered to the public. This would include definitions and examples of how the charges would apply under different scenarios.

Table 5: Banking: Recent Developments in the Financial Sector	
Regulatory notices issued to all Banks and Finance Companies in 2013	
Notice No. 1/2013	Regulation of Interest/Profit Rates
Notice No. 2/2013	Regulation of Interest, Profit Rates on Residential Property Loans/Financing
Notice No. AMBD/R/32/2013/1	Maximum Financing Rate for New & Used Motor Vehicles (Excluding Motorcycles)
Notice No. AMBD/R/32/2013/2	Appointment of External Auditors
Others	
Publication of bank service charges in the local newspaper	

Source: Banking and Specialised Market Supervision Division, AMBD

4.1 BANKING

The banking system continued to be resilient in the face of today's challenging environment in the aftermath of the global financial crisis and economic slowdown. In discharging one of its primary objectives of financial stability, AMBD compiles the aggregate micro and macro-financial soundness indicators in the banking system which are closely monitored to ensure the stability of the financial system.

Table 6 shows the key financial soundness indicators of the banking sector for 2013. The capital strength of the banking system is illustrated in the level of Tier 1 Capital and Total Regulatory Capital to Risk Weighted Assets ratios for banks in Brunei Darussalam, which are well above the Basel I and Basel II requirements of 8.0 percent and 4.0 percent respectively. The quality of Tier I Capital in the banking sector was also high, composed primarily of common equity representing 85.5 percent of Total Capital of the banking system.

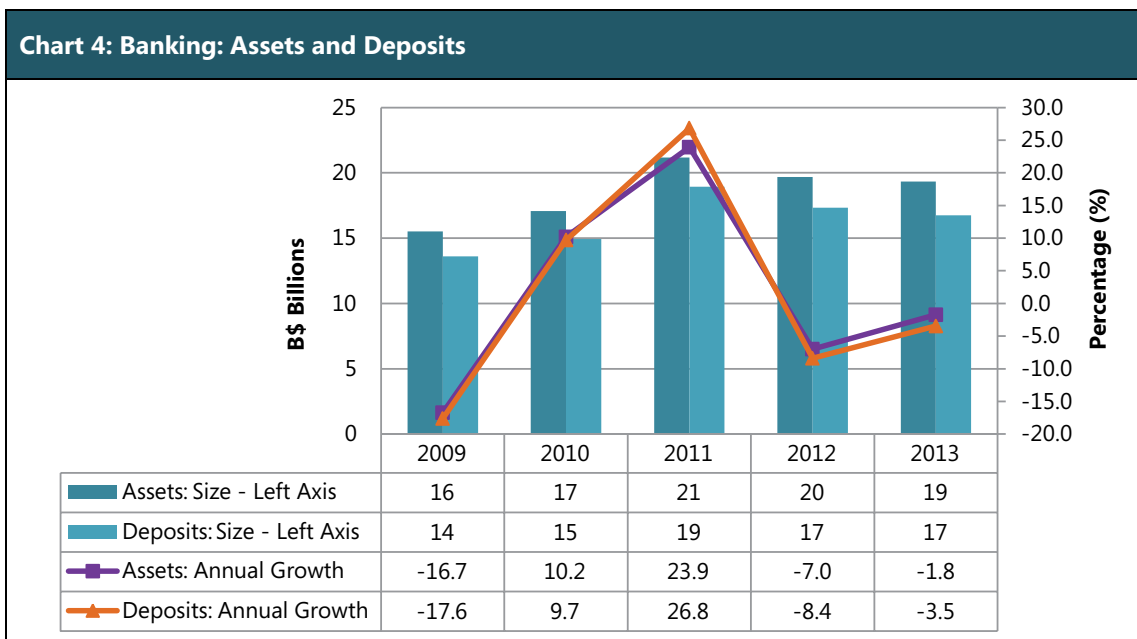
The banks in Brunei Darussalam continued to be highly liquid in 2013. Strong capital and liquidity levels, together with sustained earnings, improved risk management systems, and improvement in asset quality, have contributed to a stable and resilient financial system. During the year, the exposure of the banks to market risk continued to be low due to the low trading portfolios. The banks also had minimal exposure to foreign exchange risk due to substantial foreign assets held in Singapore dollars.

Table 6: Banking: Selected Financial Soundness Indicators for Banks		
Financial Soundness Indicators	2012 (Percent)	2013 (Percent)
Capital Adequacy		
Regulatory Capital to Risk Weighted Assets, minimum 10 percent*	20.9	20.1
Tier 1 Capital to Risk Weighted Assets, minimum 5 percent*	21.0	19.4
Non - Performing Loans/Financing (Net of Specific Provisions) to Capital Funds	4.3	4.5
Assets Quality		
Non - Performing Loans/Financing to Total Gross Loans/Financing	9.9	7.4
Net Non - Performing Loans (Net of Provisions and Interest) to Gross Loans	1.6	1.7
Provision Coverage (Specific Provisions to Non - Performing Loans/Financing)	76.2	70.9
Profitability		
Return on Assets (Before Tax)	0.8	1.4
Return on Equity (After Tax)	5.6	10.6
Interest/Profit Margin to Gross Income	89.0	75.4
Non - Interest/Profit Expense to Gross Income (Efficiency Ratio)	61.5	49.2
Liquidity		
Liquid Assets to Total Assets	62.2	56.2
Liquid Assets to Total Deposits	70.6	65.0
Liquid Assets to Demand and Savings Deposits (Short term)	143.8	113.1
Loans to Deposits Ratio	30.0	33.6

*AMBD's requirement

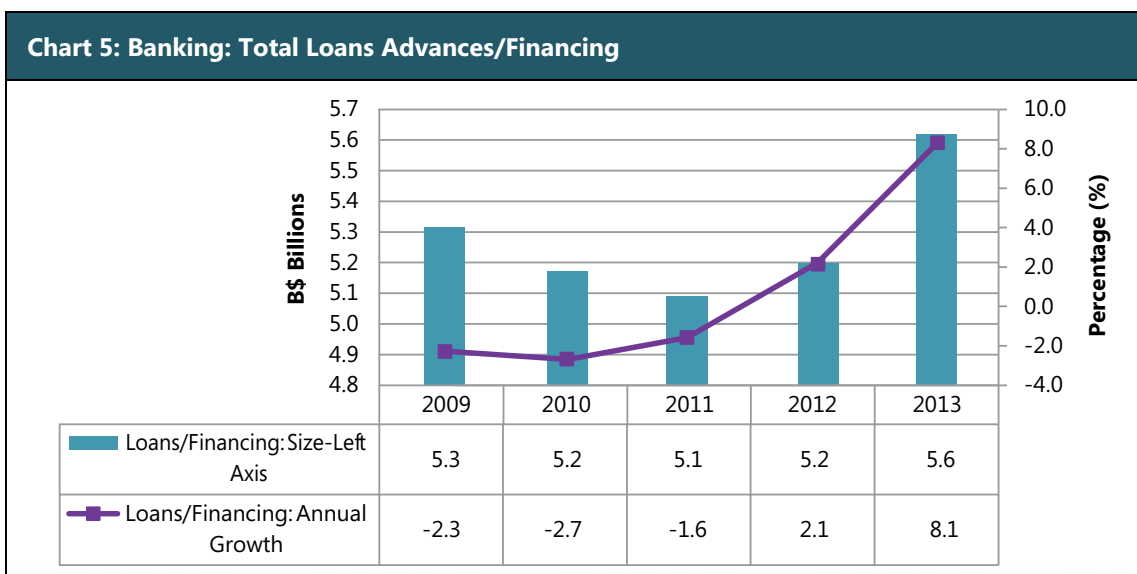
Source: Banking and Specialised Market Supervision Division, AMBD

Overall Growth: Chart 4 illustrates that total assets and deposits, which move in tandem, have recorded a decline by 1.8 percent and 3.5 percent respectively, as at end of 2013. The decrease in total assets was reflected in a decrease in placements abroad by 12.9 percent. Onshore assets accordingly increased from 42.4 percent of total assets in 2012 to 47.4 percent in 2013. Offshore assets saw a commensurate decline from 57.6 percent of total assets in 2012 to 52.6 percent in 2013. Deposits continued to serve as the primary resource base for banking assets and accounted for 86.5 percent of total assets of the banking system.



Source: Regulatory Department, AMBD

Credit/Financing Overall Growth Indicators: After several years of negative growth and only marginal growth in 2012, loans and advances recorded a positive growth of 8.1 percent in 2013 from B\$5.20 billion to B\$5.62 billion as shown in Chart 5. Credit growth was particularly buoyant in the business sector with a growth of 13.2 percent. As shown in Table 7, the pick-up in private sector credit was also evident in the increase in the loans to deposit ratio from 30.0 percent in 2012 to 33.6 percent in 2013.



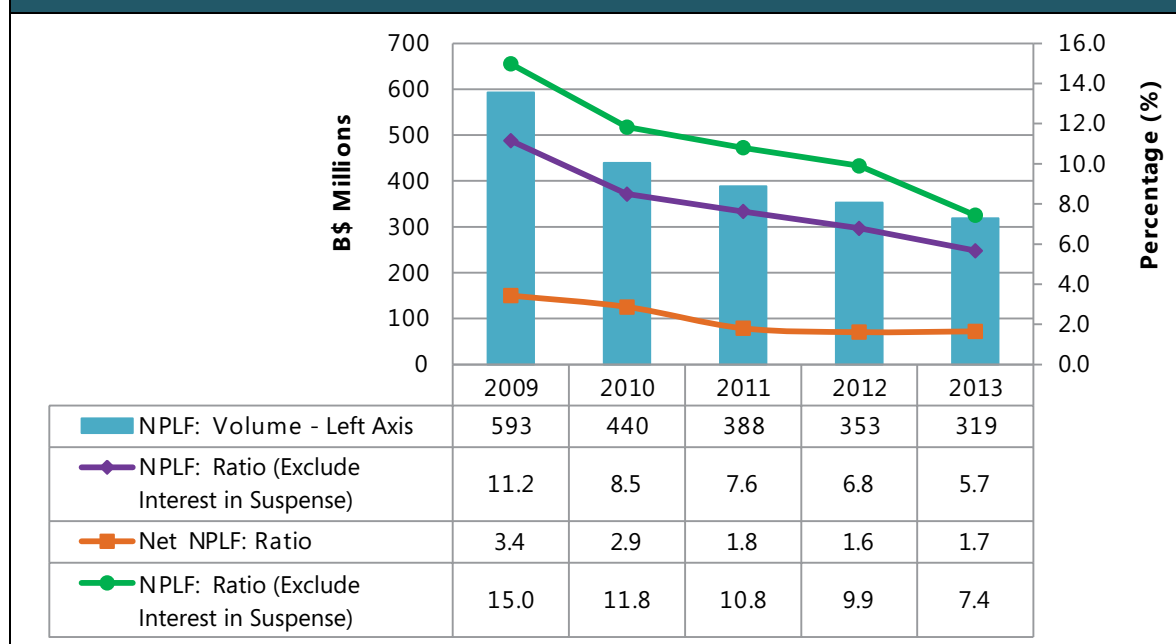
Source: Banking and Specialised Market Supervision Division, AMBD

Table 7: Banking: Distribution of Credit/Financing					
Total Loans/Financing - Sector-wise Exposure	2012		2013		Percentage change
Sector	Amount (B\$ millions)	Market Share (Percent)	Amount (B\$ millions)	Market Share (Percent)	
HOUSEHOLD SECTOR	2,933	56.4	3,055	54.4	4.2
Personal Loans (Including credit cards)	1,756	33.7	1,736	30.9	-1.1
Residential housing	1,090	21.0	1,259	22.4	15.4
Automobile Financing	87	1.7	61	1.1	-30.1
BUSINESS SECTOR	2,268	43.6	2,565	45.6	13.2
Commercial housing and Other Constructions	483	9.3	502	8.9	3.8
Traders	418	8.0	432	7.7	3.5
Manufacturing	350	6.7	431	7.7	23.3
Transportation	218	4.2	427	7.6	95.8
Services	222	4.3	283	5.0	27.2
Financial	214	4.1	164	2.9	-23.6
Infrastructure	180	3.5	181	3.2	0.5
Tourism	81	1.6	59	1.1	-27.5
Telecommunication and Information Technology	77	1.5	61	1.1	-21.6
Agricultural	23	0.4	27	0.5	17.7
Total Loans/Financing	5,200	100.0	5,621	100.0	8.1

Source: Banking and Specialised Market Supervision Division, AMBD

Asset Quality: Credit/financing was still the core risk in the banking sector, reflecting the major earning assets portfolio of the banking industry. Asset quality continued to improve with a decrease in the gross non-performing loans/financing ratio (NPLF) from 9.9 percent in 2012 to 7.4 percent in 2013 as shown in Chart 6. Despite the relatively high gross NPLF ratio, the potential credit risk of the banking system was low, because provision cover for loan/financing losses stood at 70.9 percent and the uncovered portion was supported by adequate realisable collateral. Accordingly, the net NPLF ratio (net of provision for NPLF) stood at 1.7 percent in 2013 which better reflected the actual credit risk exposure of the banks.

Chart 6: Banking: Trend in Gross NPLFs and Net NPLFs



Source: Banking and Specialised Market Supervision Division, AMBD

Liquidity: Overall, the banks continued to maintain a high level of liquidity against total deposits at 65.0 percent and against their short term deposit liabilities, at 113.1 percent, as illustrated in Table 8. In addition, funding mismatches of the banking system remained within a manageable range. The cumulative gaps for the shorter term maturities (up to 12 months) remained positive.

Table 8: Banking: Maturity Gap Analysis

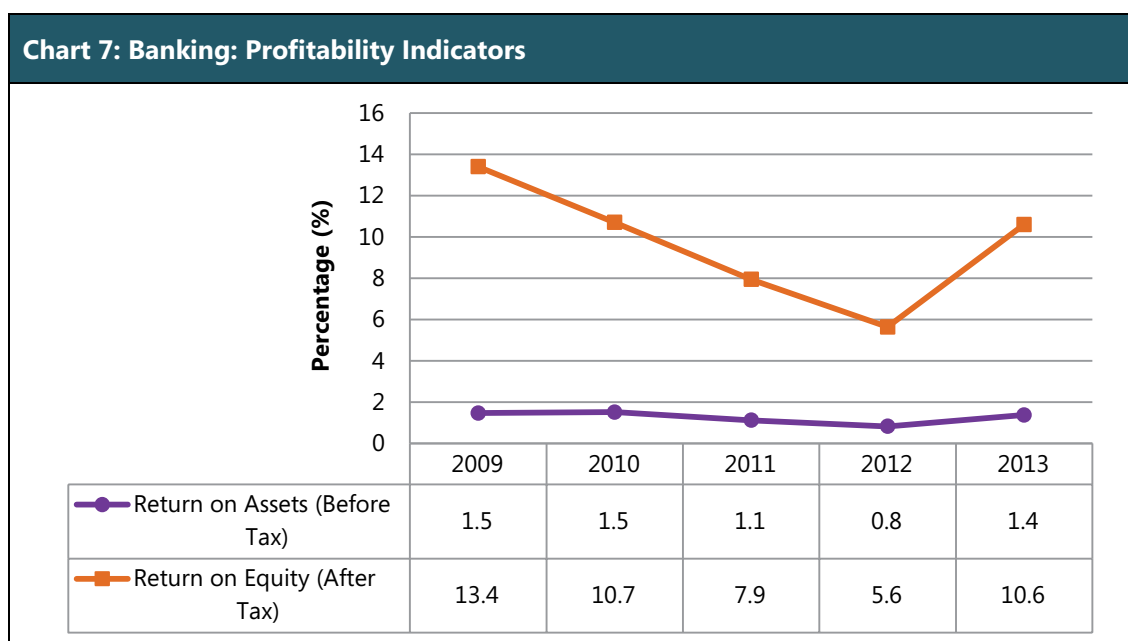
	1 to 7 Days	8 to 14 Days	15 to 28 Days	29 Days to 3 Months	>3 to ≤6 Months	>6 to ≤12 Months	>1 to ≤3 Years	>3 to ≤5 Years	Over 5 Years
Inflows	6,417	1,008	1,016	3,845	2,685	3,579	1,953	1,057	2,779
Outflows	1,783	1,032	1,522	4,293	3,524	5,032	5,395	68	2,475
Gap (Mismatch) - (Inflows - Outflows)									
Gap in Different Time Buckets	4,634	-23	-506	-447	-839	-1,453	-3,443	990	305
Cumulative Gap	4,634	4,610	4,105	3,657	2,819	1,365	-2,077	-1,088	-783
Cumulative Gap as a percentage of Total Liabilities	18.4	18.4	16.3	14.6	11.2	5.4	-8.3	-4.3	-3.1

Source: Banking and Specialised Market Supervision Division, AMBD

Profitability: Profitability of the banking system increased in 2013 to B\$215 million, which was a 93.4 percent increase from 2012 as shown in Table 9. The contributing factors, amongst others, for the increase in profitability were: (i) increase in interest income on loans/financing by 4.4 percent commensurate with the increase in total credit, (ii) decrease in interest expense by 16.5 percent commensurate with the decrease in high interest-bearing deposits, and (iii) the impact on industry profitability of investment impairment losses suffered within the industry in 2012.

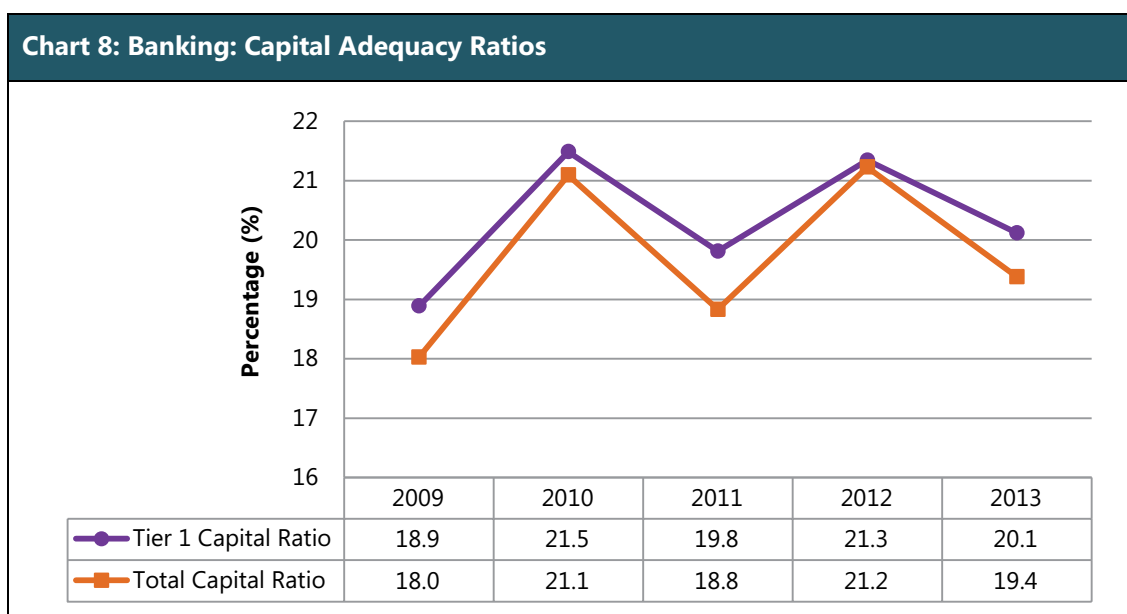
Table 9: Banking: Profitability Trend			
Income & Expenses	2012 (B\$ millions)	2013 (B\$ millions)	Percentage change
Interest Income	443	457	3.3
of which:			
Interest income on Loans/Financing	343	358	4.4
Interest income on Placements	71	65	-8.5
Interest income on Others	29	34	19.3
Interest Expenses	74	62	-16.5
Net Interest Income	369	396	7.2
Non Interest Income	149	142	-4.5
Operating Expenses	255	259	1.3
Loan Loss Provisions	3	6	104.8
Provision for Decline in Value of Investments	100	6	-93.7
Profit Before Tax	160	267	67.0
Profit After Tax	111	215	93.4

The key profitability indicators of the Return On Assets (ROA) and the Return On Equity (ROE) moved in line with the increase in overall profitability, and increased to 1.4 percent and 10.6 percent in 2013 from 0.8 percent and 5.6 percent in the previous year as shown in Chart 7.



Source: Banking and Specialised Market Supervision Division, AMBD

Capital Adequacy: Chart 8 shows the Capital Adequacy Ratio (CAR) of banks which focuses on the strength of bank capital against the risk profile of a bank and provides protection to depositors from potential shocks or losses that a bank might be exposed to. It provides absorptive capacity against major financial risks (such as credit risk, market risk, and operational risk). Bank capitalisation has been significantly enhanced since 2008, as a result of the implementation of prudential regulations on Capital Adequacy and the Statutory Reserve Fund (Capital Conservation Buffer) for all banks. The Total Capital Ratio for all banks was 19.4 percent whilst the Tier 1 CAR was 20.1 percent in 2013. These ratios were well above the mandatory regulatory requirements of 10.0 percent and 5.0 percent in Brunei Darussalam as well as the Basel II international regulatory norm of 8.0 percent and 4.0 percent respectively. They were also in excess of the Basel III common equity requirements of 7.0 percent with all banks meeting the leverage ratio of 3 much earlier than the timelines prescribed for this purpose from 2015 to 2019.



Source: Banking and Specialised Market Supervision Division, AMBD

Access to Finance:

Banking Demography: Demographic bank penetration measures the penetration of the banking sector in terms of access to physical outlets of the bank. Higher penetration would indicate more branches per banking population and thus easier access to finance. The same measure is used in the case of ATMs. As at 2013, the number of banking outlets was 61, an increase of 3.4 percent as compared to 2012, whilst, ATMs operated by the banks was 252, a decrease of 9.0 percent over 2012.

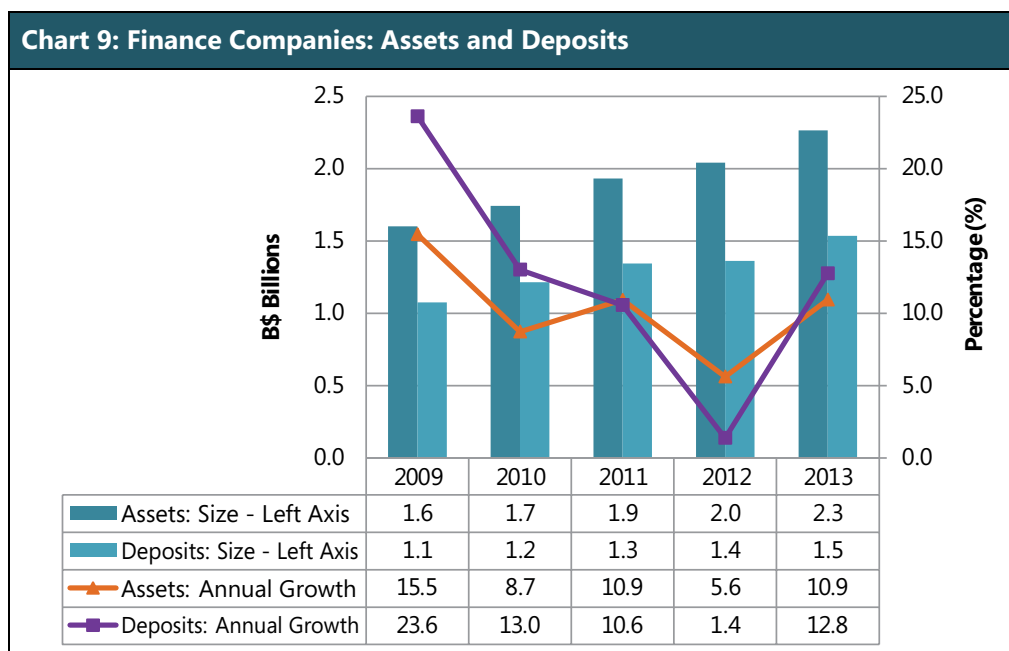
Banking Density: The median for banking density for branches stood at 15 branches per 100,000 persons as at end of 2013, compared to 14 branches per 100,000 persons in 2012. Whereas for ATMs, it declined from 66 ATMs per 100,000 persons in 2012 to 62 ATMs per 100,000 persons. The reason for the decrease of ATMs is the increased use of internet and mobile banking.

District	No. of Branches	No. of ATMs
Brunei/Muara	41	188
Kuala Belait	13	46
Tutong	5	15
Temburong	2	3
Total	61	252

Source: Banking and Specialised Market Supervision Division, AMBD

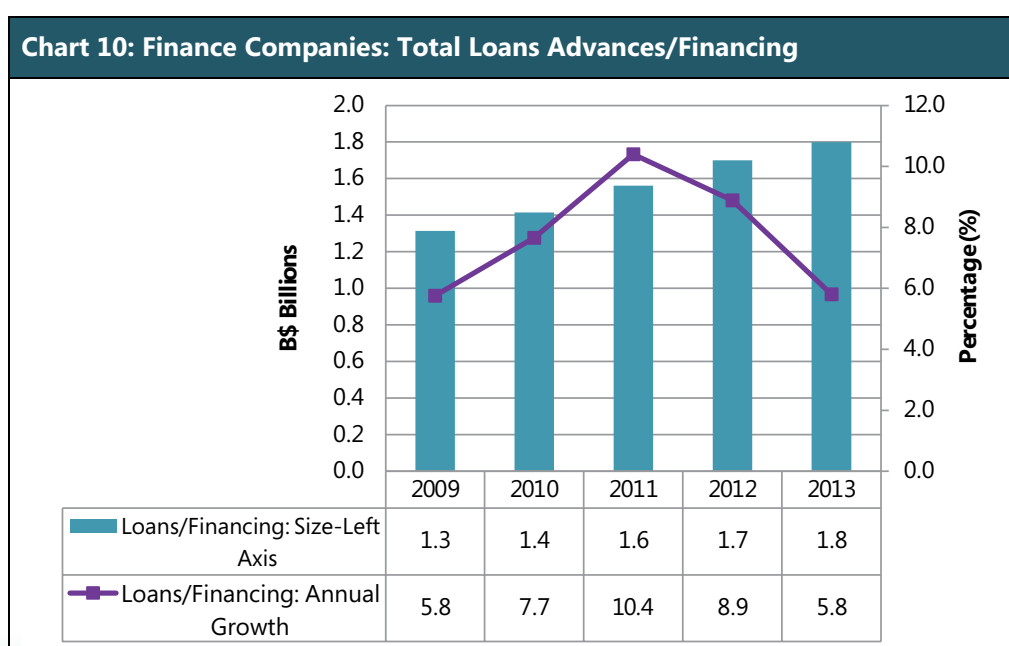
4.2 FINANCE COMPANIES

Chart 9 illustrates that total finance companies' assets grew by 10.9 percent to B\$2.3 billion in 2013, compared to a growth of 5.6 percent in 2012. Deposits have also increased by 12.8 percent to B\$1.5 billion. Deposits continued to be the major funding source for the finance companies and accounted for 67.8 percent of total assets. The resource base of the finance companies was also supported by borrowings from their bank holding companies.



Source: Banking and Specialised Market Supervision Division, AMBD

Credit/Financing Growth: Credit/financing growth at the finance companies continued to show a positive trend, although the growth momentum can be seen to be progressively declining. Total credit increased by 5.8 percent to B\$1.8 billion in 2013 and accounted for 79.5 percent of total assets as shown in Chart 10.



Source: Banking and Specialised Market Supervision Division, AMBD

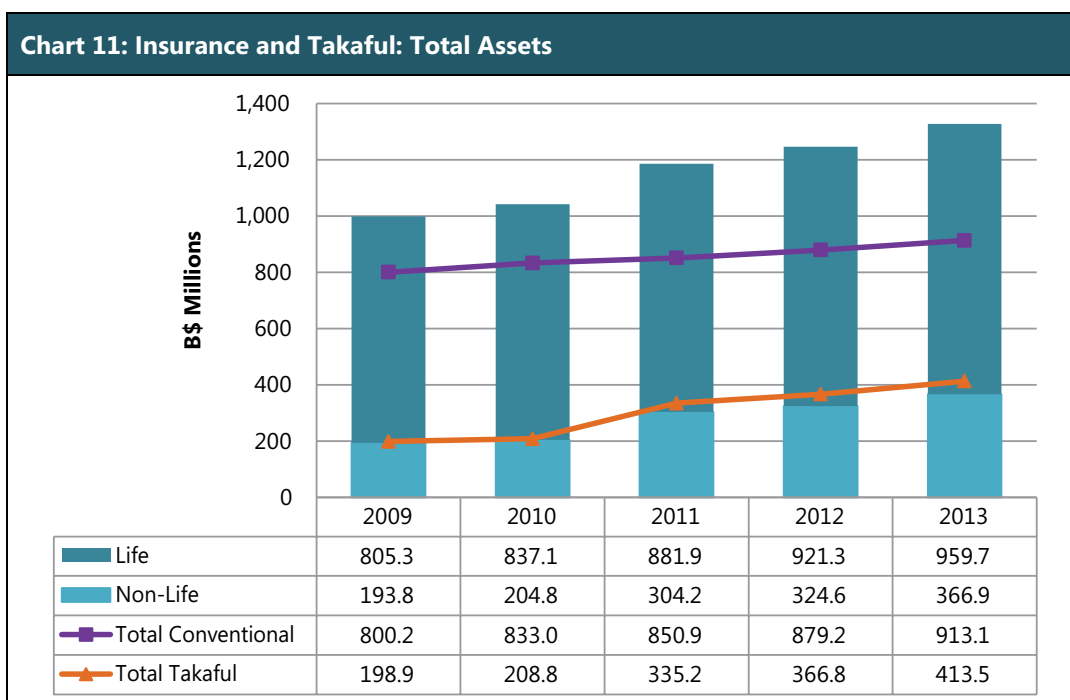
4.3 INSURANCE AND TAKAFUL

In 2013, the insurance and takaful industry continued to demonstrate positive growth. Table 11 shows that the assets grew by 6.5 percent from B\$1.2 billion in 2012 to B\$1.3 billion in 2013. This was due to the increase of asset-holding in non-life and also life sectors by 13.0 percent and 4.2 percent respectively as shown in Chart 11.

Gross premiums expanded by 8.6 percent from B\$282.7 million in 2012 to B\$306.9 million in 2013. Meanwhile, gross claims/benefits increased by 15.2 percent from B\$114.1 million in 2012 to B\$131.5 million in 2013.

(In B\$ millions)	2009	2010	2011	2012	2013
Assets	999.1	1,041.8	1,186.1	1,246.0	1,326.6
Gross Premiums	186.5	248.8	266.4	282.7	306.9
Gross Claims/Benefits	96.4	102.9	98.9	114.1	131.5

Source: Insurance/Takaful and Capital Market Supervision Division, AMBD

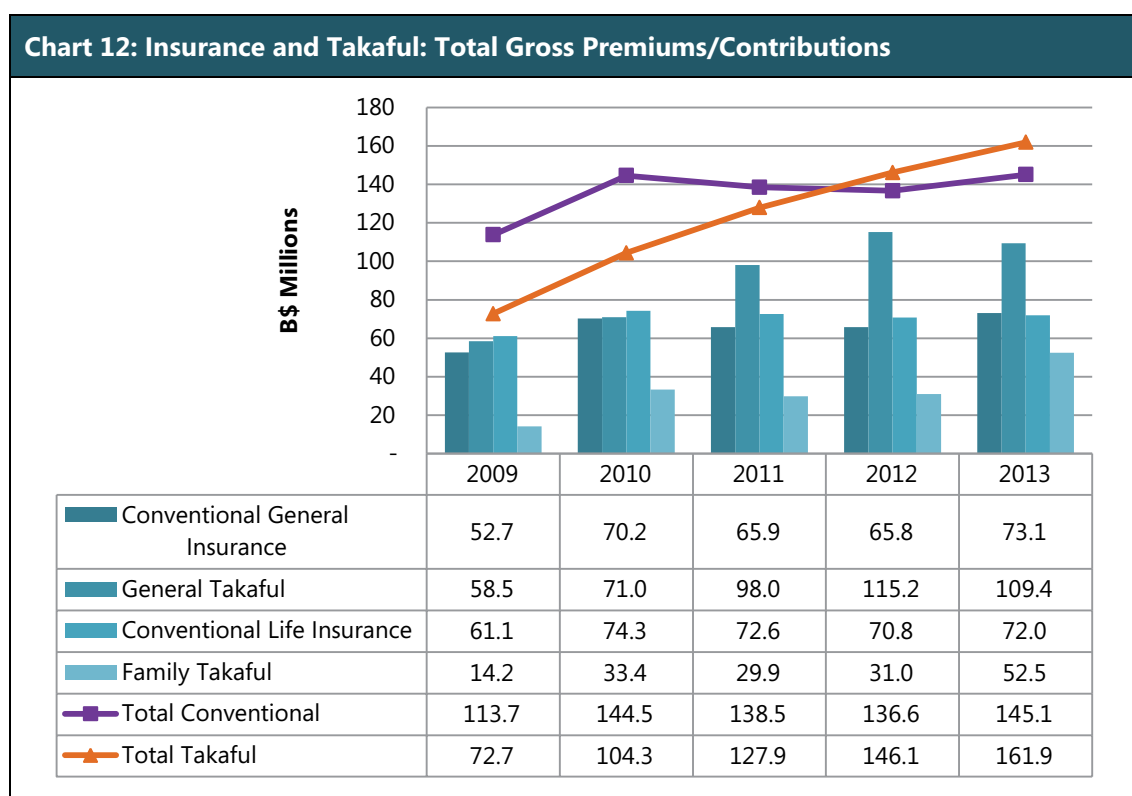


Source: Insurance/Takaful and Capital Market Supervision Division, AMBD

Gross Premiums: The growth in gross premiums was largely due to an increase in life sector which saw an expansion of 22.4 percent year-on-year from B\$101.7 million to B\$124.5 million (Chart 12). Life business continued to be dominated by conventional life companies with a market share of 57.9 percent in terms of life business portfolio. Nonetheless, family takaful business has increased by 69.4 percent year-on-year from B\$31.0 million to B\$52.5 million.

Meanwhile, non-life sector experienced a low growth of 0.8 percent year-on-year due to a fall in marine, aviation and transit underwriting but recorded an increase in contractors' all risk and public liability portfolio as shown in Table 12. Motor insurance, which is compulsory in Brunei Darussalam, remained the highest class of non-life business with premiums totaling B\$86.2 million which represented 47.2 percent of total premiums.

In addition, market share of takaful contributions has been rising from 39.0 percent in 2009 to 52.7 percent in 2013 (Chart 12). The growth of takaful contributions was attributable to the growth of both general takaful and family takaful business. General takaful operators have a market share of 60.0 percent of total non-life business. This rapid growth of takaful business was directly generated from motor insurance business which contributed to 83.8 percent of the motor business portfolio.



Source: Insurance/Takaful and Capital Market Supervision Division, AMBD

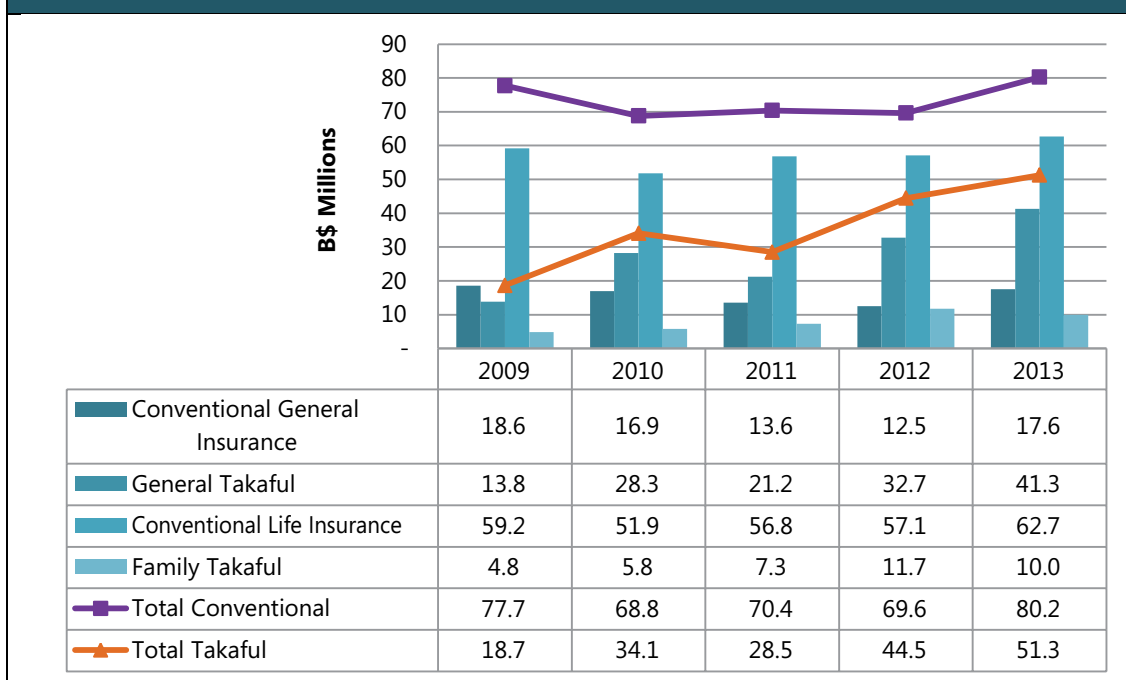
Table 12: Insurance and Takaful: Gross Premiums/Contributions for Non-Life Business

Classes of Non - Life Business	2012		2013		Percentage Change
	Amount (B\$ millions)	Market Share (Percent)	Amount (B\$ millions)	Market Share (Percent)	
Motor	79.0	43.7	86.2	47.2	9.1
Fire	14.9	8.3	15.4	8.4	2.8
Marine, Aviation, and Transit	15.3	8.4	12.5	6.9	- 18.0
Others	55.9	30.9	43.8	24.0	- 21.7
Contractor's All Risks	0.4	0.2	2.9	1.6	604.9
Bond	0.5	0.3	0.4	0.2	- 6.5
Workmen Compensation	12.0	6.6	13.6	7.5	13.8
Public Liability	3.0	1.7	7.6	4.2	156.8
Total	181.0	100.0	182.5	100.0	0.8

Source: Insurance/Takaful and Capital Market Supervision Division, AMBD

Gross Claims: In 2009, claims stood at B\$96.4 million and continued to increase to B\$131.5 million in 2013. Table 13 shows that the non-life claims increased from B\$45.3 million in 2012 to B\$58.9 million in 2013 due to the increase in fire and public liability claims by 302.5 percent and 130.4 percent respectively. Motor claims recorded 65.5 percent of total non-life claims and stood at B\$38.5 million in 2013.

Chart 13: Insurance and Takaful: Total Gross Claims



Source: Insurance/Takaful and Capital Market Supervision Division, AMBD

Table 13: Insurance and Takaful: Gross Claims for Non-Life Business					
Classes of Non - Life Business	2012		2013		Percentage Change
	Amount (B\$ millions)	Market Share (Percent)	Amount (B\$ millions)	Market Share (Percent)	
Motor	35.5	78.3	38.5	65.5	8.7
Fire	2.0	4.4	8.1	13.7	302.5
Marine, Aviation, and Transit	1.6	3.5	0.8	1.3	- 51.6
Others	2.8	6.1	6.5	11.0	134.3
Contractor's All Risks	0.3	0.6	0.1	0.2	- 51.7
Bond	0.2	0.4	-0.0	-0.1	- 118.7
Workmen Compensation	2.6	5.7	3.8	6.5	49.2
Public Liability	0.5	1.0	1.1	1.8	130.4
Total	45.3	100.0	58.9	100.0	30.0

Source: Insurance/Takaful and Capital Market Supervision Division, AMBD

Gross Benefits: For life benefits, there was an increase of 5.6 percent from B\$68.8 million in 2012 to B\$72.6 million in 2013 (Table 14). The main form of benefits in 2013 was through maturities which made up of 57.2 percent of total benefits or B\$41.6 million.

Table 14: Insurance and Takaful : Gross Benefits for Life Business					
Classifications	2012		2013		Percentage Change
	Amount (B\$ millions)	Market Share (Percent)	Amount (B\$ millions)	Market Share (Percent)	
Maturities	38.4	55.8	41.6	57.2	8.1
Death	11.7	17.1	10.8	14.8	- 8.3
Surrenders	12.3	17.9	14.2	19.5	15.2
Annuities	0.0	0.0	0.0	0.0	0.00
Others	6.3	9.2	6.1	8.5	- 3.2
Total	68.8	100.0	72.6	100.0	5.6

Source: Insurance/Takaful and Capital Market Supervision Division, AMBD

4.4 CAPITAL MARKET

Assets Under Management (AUM) by Investment Advisers

There are at present 12 licensed investment advisers in Brunei Darussalam, comprising 4 local and 8 international companies, whose activities include providing investment advice and portfolio management.

Table 15 shows the total AUM of investment advisers from the year 2009 to 2013 whereby the AUM decreased by 38.0 percent from 2012 to 2013. Overall, there has been slow growth of in asset management portfolios of licensed investment advisers in 2013 while some experienced a decline in AUM.

Table 15: Capital Market: Total AUM of Investment Advisers					
B\$ Millions	2009	2010	2011	2012	2013
Total (rounded off)	1,502	3,482	3,978	7,319	4,564

Source: Insurance/Takaful and Capital Market Supervision Division, AMBD

Mutual Funds

In 2013, 19 mutual funds were distributed and offered in the country, compared to 20 mutual funds in 2012. The public mutual funds comprised of 7 Islamic and 9 conventional funds whereas, the private fund comprised of 1 Islamic and 2 conventional funds. There are 2 licensed fund managers and 1 licensed fund administrator in Brunei Darussalam.

In brief, Table 16 illustrates the total market share of Islamic funds against conventional funds from 2009 to 2013. There continued to be positive interest towards Islamic funds in general, with an increase in market share from 17.2 percent in 2009 to 26.0 percent in 2013.

Table 16: Capital Market: Islamic Funds vs Conventional Funds					
Market Share (Percent)	2009	2010 *	2011 *	2012	2013
Islamic Funds	17.2	25.0	24.9	25.9	26.0
Conventional Funds	82.8	75.0	75.1	74.1	74.0

Source: Insurance/Takaful and Capital Market Supervision Division, AMBD

**Note: 2010 and 2011 figures have been adjusted due to adjustments in calculation.*

4.5 SPECIALISED MARKETS

The Money Changing and Remittance Businesses (MCRB) Act Cap 174 was introduced in 1995 and therein all companies operating a remittance business and money changing operation are required to be licensed. As an additional safeguard mechanism and consumer protection initiative, the Ministry of Finance (then the Authority for money changers and remittance companies) issued a directive in 2004 for all remittance companies to furnish a bankers' guarantee amounting to B\$55,000 as conditions to their licenses alongside other operational requirements. Furthermore, realising the vulnerabilities of this sector to be exploited as a gateway for money laundering and terrorist financing, the number of licenses granted have been limited and no new licenses were issued since 2007. To date, there are 21 licensed remittance companies and 24 licensed money changers of which 3 hotels are also licensed money changers.

For 2013, the money remitted through the licensed remittance companies amounted to B\$762.6 million with Indonesia as the favourite destination for remittances recording B\$253.7 million mainly comprising of labour remittances. This is followed by Philippines and Malaysia with total remittances amounting to B\$164.4 million and B\$133.3 million respectively.

On money changing business, the foreign currencies sold at the licensed money changers amounted to B\$83.7 million dominated by Ringgit Malaysia recording B\$30.0 million of sale. Other top selling currencies are Indonesian Rupiah (B\$14.9 million) and US Dollars (B\$10.1 million). Conversely, the foreign currency bought totaled B\$32.6 million with Ringgit Malaysia remaining to be a chart topper logging in B\$12.7 million followed by US Dollars (B\$8.0 million) and British Pounds (B\$2.6 million).

4.6 ISLAMIC FINANCIAL SERVICES

The Ministry of Finance and AMBD place great importance in ensuring that the overall Islamic financial services operate in accordance with Syariah principles. Particular Orders have been introduced with regards to the Islamic financial services namely: Finance Companies Act (Chap. 89); Islamic Banking Order, 2008; International Insurance and Takaful Order, 2002; Pawnbrokers Order, 2002; Mutual Funds Order, 2001; Syariah Financial Supervisory Board Order, 2006; Tabung Amanah Islam Brunei Act, Chapter 163 and Takaful Order, 2008.

Apart from that, the Ministry of Finance has established a two-tier Syariah governance infrastructure comprising two vital components:

- i. A centralised Syariah Financial Supervisory Board (SFSB) of Brunei Darussalam where AMBD is the appointed secretariat; and
- ii. The Syariah Advisory Body (SAB) formed at the respective Islamic financial institutions (IFIs).

The SFSB is a body established under the Syariah Financial Supervisory Order, 2006 that has positioned the SFSB as the authority for the ascertainment of Islamic law for the purpose of Islamic financial business. The mandates of the SFSB are, among others, to ascertain the Islamic law on any financial matter and issue a ruling upon reference made to it, as well as to advise on any Syariah issues relating to Islamic financial business, activities or transactions.

At the industry level, IFIs are under the provision Islamic Banking Order, 2008 as well as the Takaful Order, 2008, whereby IFIs have to establish their Syariah Advisory Body (SAB) that may consult with the SFSB on Syariah matters relating to Islamic banking business, takaful business, Islamic financial business, Islamic development financial business and any other business which is based on Syariah principles and later submission to the SFSB. Towards the continuous advancement of Islamic finance, AMBD may issue written directives on these Syariah matters with the advice of the SFSB.

Since 2006, the SFSB has approved 91 products which are categorised as follows:

	2006	2007	2008	2009	2010	2011	2012	2013
Banking Products	-	2	1	1	4	19	5	2
Takaful Products	-	-	-	-	-	36	3	-
Capital Market	2	8	1	-	5	-	1	1

Source: Islamic Financial Services Unit, AMBD

Islamic Banking Sector

The steady growth of Islamic banking in Brunei Darussalam reflects the positive and continuous efforts of the Government to promote Islamic finance in the country. As of December 2013, Islamic banking sector's assets were B\$7.92 billion, which accounted for 41 percent of total banking assets in the country.

Items	2012	2013
Islamic banking assets (B\$ Millions)	7,693	7,933
Total banking assets (B\$ Millions)	19,685	19,340
Islamic banking market share (Percent)	39.1	41.0

Source: Islamic Financial Services Unit, AMBD

Major Events

His Royal Highness Prince 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 consented to attend and officiate the Brunei Darussalam Islamic Investment Summit 2013 (BIIS 2013), on 18 June 2013, at The Empire Hotel & Country Club, Jerudong, Brunei Darussalam. BIIS 2013 was jointly organised by AMBD and the Centre for Islamic Banking, Finance and Management (CIBFM), in collaboration with Centre for Research and Training (CERT), Malaysia. The theme of the summit was "Tapping and Expanding the Global Investment Opportunity in Asia's Market". The objective of the summit was to provide a platform for participants to share knowledge and experience as well as exchange views on current issues pertaining to Islamic finance with a special focus on investment opportunities in the Asian region. The summit was attended by 250 participants from Brunei Darussalam and abroad.

In conjunction with BIIS 2013, Muktamar Kewangan Islam Brunei Darussalam was also held. The theme "*Menangani Cabaran Kewangan Islam Semasa*" was specifically chosen, given the rapid development of Islamic finance. The objective of the muktamar was to provide a platform for the sharing of experience and knowledge, as well as exchange of ideas regarding the pertinent issues in Syariah and fiqh al-muamalat in Islamic finance. Among the topics discussed were opportunities and challenges in Islamic finance, as well as theory and application of Islamic finance products and instruments.

4.7 ANTI-MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM

Commitment Towards International Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) standards

Financial Intelligence and Enforcement (FIE), AMBD has taken an active part in coordinating national AML/CFT policies through its role as the Secretariat to the National Committee on Anti-Money Laundering/Combating the Financing of Terrorism (NAMLC). As a result of Brunei Darussalam's continuous commitment in implementing international standards on AML/CFT, it exited from the International Cooperation Review Group process in June 2013. This decision was made by the Financial Action Task Force following its recognition of the significant progress made by Brunei Darussalam in addressing strategic AML/CFT deficiencies previously identified. This significant progress was further acknowledged by the Asia Pacific Group on Money Laundering (APG) during the 16th APG Annual Meeting and Technical Assistance Forum held in Shanghai, China in July 2013, where Brunei Darussalam was moved from the regular follow-up process to the biennial follow-up process.

Joining Egmont Group

In October 2013, FIE, AMBD took a significant step by sending an official application to become a member of the Egmont Group of Financial Intelligence Units. The Egmont Group is an international network designed to improve interaction among Financial Intelligence Units in the areas of communications, information sharing, and training coordination. The goal of the Egmont Group is to provide a forum for Financial Intelligence Units around the world to improve support to their respective governments in the fight against money laundering, terrorist financing and other financial crimes. To date, the Egmont Group is comprised of 139 Financial Intelligence Units from all over the world. The FIE, AMBD is expected to become a full member of the Egmont Group in the near future.

Working Visits to Foreign Financial Intelligence Units

In an effort to strengthen its international relations with counterpart agencies, the FIE held working visits to the Japan Financial Intelligence Centre of the National Police Agency on 13 May 2013 and the Korea Financial Intelligence Unit of the Financial Services Commission on 15 – 16 May 2013. Through these working visits, the FIE was able to learn ways in which its foreign counterparts analyse financial information, as well as ensure compliance of reporting entities with AML/CFT obligations contained in the respective countries' laws through supervision.

AML/CFT Awareness Talks

Throughout the year in 2013, FIE, AMBD made initiatives to increase the awareness of financial institutions and designated non-financial businesses and professions on AML/CFT matters. FIE, AMBD conducted a series of presentations highlighting the obligations of these institutions under Anti-Terrorism Order, 2011 and Criminal Asset Recovery Order, 2012, particularly on their reporting, customer due diligence and record-keeping obligations. In December 2013, FIE, AMBD invited international experts in the AML/CFT field to conduct a practical workshop to these institutions on the reporting of suspicious transactions, which the FIE, AMBD is mandated to receive and analyse. Subsequently, the results of the analysis are disseminated to relevant authorities.

4.8 ENFORCEMENT

Unlicensed Financial Service Providers

The existence of unlicensed financial service providers places consumers at financial risk and has harmful effects on the financial industry as well as the economy at large. In ensuring that members of the public do not fall prey to these illegal and dishonest practices, FIE, AMBD takes a proactive approach by engaging with the public in the gathering of information and tip-offs which has enabled these sources to be investigated further with several individuals and entities operating unlicensed schemes identified.

Public Awareness Campaign

To highlight the risks of involvement with such schemes, a public awareness campaign on the dangers associated with illegal investment schemes was conducted through various forms of media such as advertisements in newspapers, radio infomercials and television. In addition, brochures containing a list of licensed financial institutions were produced and posters warning the public against 'get rich quick' schemes have been distributed to raise awareness. Similarly such information is also available on the Financial Intelligence and Enforcement page of AMBD's website.

A new "hotline" number (2388388) was also introduced. Using the easy to remember number provides an easy access for members of the public to voice their concerns and to further encourage provision of information on unlicensed financial service providers as well as to give an avenue for victims of such schemes to seek advice.

4.9 FINANCIAL INFRASTRUCTURE ENHANCEMENTS

4.9.1 CREDIT BUREAU

Established as one of AMBD's key initiatives in ensuring the country's financial stability by providing the financial institutions with enhanced risk management capability, the Credit Bureau has been growing steadily as it marked the first anniversary of its launch of service in September 2013.

The main function of the Credit Bureau is to provide the financial institutions, whom are members of the Credit Bureau, consolidated factual credit information on the payment history and credit standing on borrowers (of both individuals and commercial entities) in the form of credit reports. The availability of such information aims to significantly reduce information asymmetry and promote transparency between the borrowers and the financial institutions, which will assist the financial institutions to assess the borrowers' creditworthiness and repayment behaviour before granting credits.

The implementation of the Credit Bureau of AMBD has been recognised in the Doing Business Report 2014 by The World Bank, which resulted in the notable increase in the Getting Credit Indicator ranking from 126 to 55.

Table 19 shows the key statistics on the Credit Bureau's Repository as of 31 December 2013:

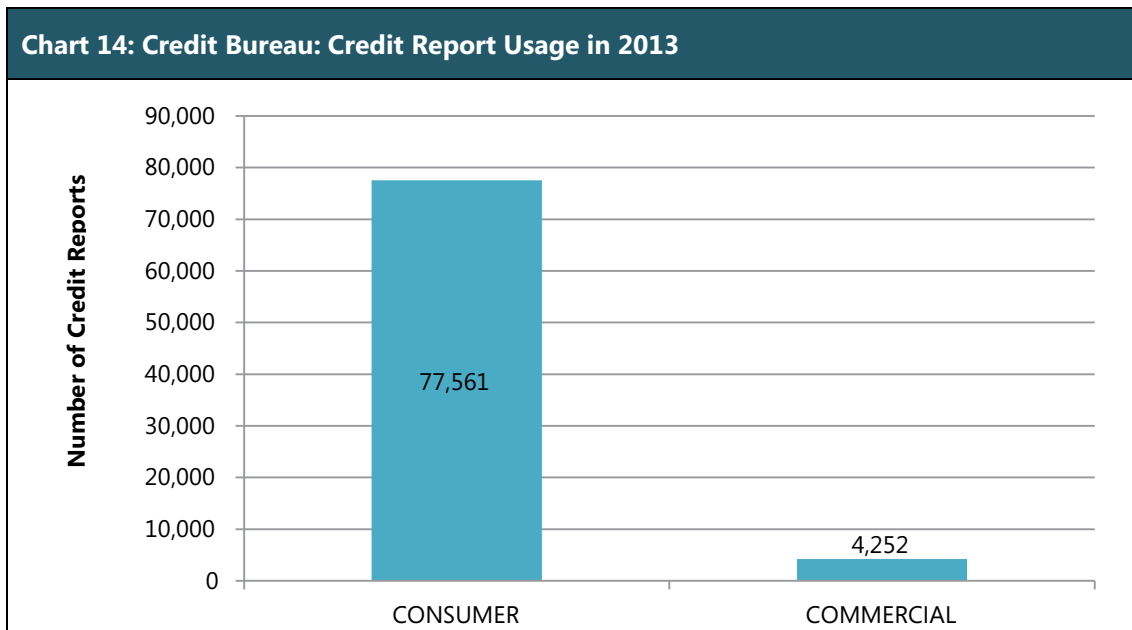
Table 19 : Credit Bureau: Key Statistics on the Credit Bureau's Repository	
Total Members	12
Total Individuals	164,473
Total Accounts ⁹	808,452
Active Individual Credit Facilities	446,028
Total Commercial Entities	7,780
Active Commercial Credit Facilities	16,575
Historical Records Duration	48 months

Source: Credit Bureau, AMBD

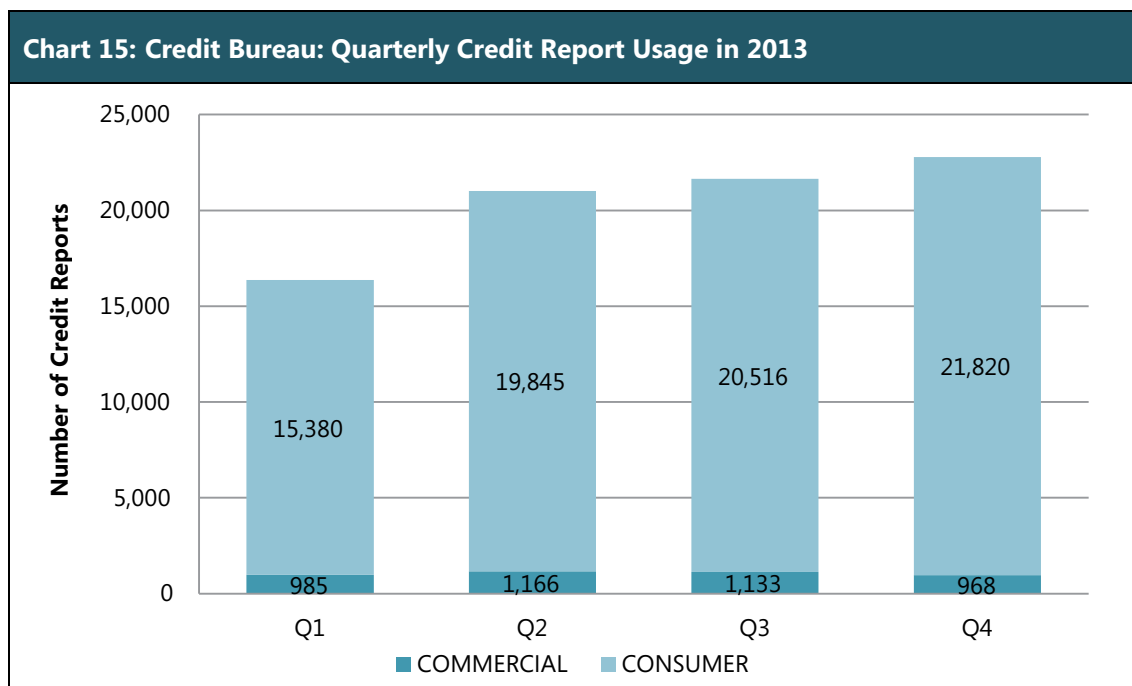
In 2013, Members obtained 77,561 reports on individuals and 4,562 reports on commercial entities either for the purpose of assessing the credit worthiness of a customer/guarantor in connection with a new application for credit facilities or a review of the existing accounts. Of the total number of credit reports obtained for the purpose of new credit application, 74.0 percent (74,137) of the applications had been approved and 48.0 percent (35,742) of the granted financings had been opened within 7 days after the report was obtained.

⁹ All active and closed Individual and Commercial accounts that are submitted to the Credit Bureau

Chart 14 and Chart 15 below depict the statistics on the credit report usage.



Source: Credit Bureau, AMBD



Source: Credit Bureau, AMBD

4.9.2 PAYMENT AND SETTLEMENT SYSTEM

High on AMBD's agenda is the enhancement and further strengthening of the financial sector infrastructure. In this regard, the modernisation of the national Payment and Settlement System (PSS) has progressed rapidly in the last year. AMBD prepared a set of detailed requirements for the systems which underpinned a successful tender process through which one of the leading global payment systems vendors was selected as its supplier. Hence, the implementation project commenced in August 2013. The hardware and software has already been installed and is currently undergoing testing.

AMBD also maintained a fruitful dialogue with the banks and have agreed a timetable for the implementation of the new system and phasing out of the existing Cheque Clearing House before the end of 2014. In parallel with these developments, AMBD and the banks have succeeded in reducing the clearing time for cheques from three to two days.

4.9.3 LEGAL AND REGULATORY FRAMEWORK

The legislative framework overseen by AMBD is comprehensive and governs both domestic and international financial activities as listed below:

Table 20: Legislation Administered by AMBD	
Anti-Terrorism Order, 2011	International Limited Partnerships Order, 2000
Banking Order, 2006	International Trusts Order, 2000
Coin (Import and Exports) Act (Cap. 33)	Islamic Banking Order, 2008
Criminal Asset Recovery Order, 2012	Money - Changing and Remittance Businesses Act (Cap. 174)
Finance Companies Act (Cap. 89)	Moneylenders Act (Cap. 62)
Hire - Purchase Order, 2006	Motor Vehicles Insurance (Third Party Risks) Act (Cap. 90)
Insurance Order, 2006	Pawnbrokers Order, 2002
International Banking Order, 2000	Registered Agents and Trustees Licensing Order, 2000
International Business Companies Order, 2000	Securities Markets Order, 2013
International Insurance and Takaful Order, 2002	Takaful Order, 2008

The Legislation shown in Table 20 is complemented by the issuance of relevant regulations, notices and guidelines to ensure sustained financial soundness and stability.

The header features a dark teal background with a repeating geometric pattern of interlocking circles and lines. A central horizontal band is black, containing the text '5. INTERNATIONAL COOPERATION' in a bold, yellow, sans-serif font. This central band is flanked by thin, horizontal gold lines, and the entire header section is bordered by a pattern of small, light teal hexagons.

5. INTERNATIONAL COOPERATION

In 2013, AMBD chaired the 21st ASEAN Central Bank Deputies' Meeting (ACDM) and the 9th ASEAN Central Bank Governors' Meeting (ACGM) which were held in Brunei Darussalam on 31 March 2013 and 3 April 2013 respectively. During the ACGM, the ASEAN Central Bank Governors exchanged views on the global and regional economic developments and challenges that ASEAN central banks faced in the aftermath of the Global Financial Crisis. Mr Nayouki Shinohara, Deputy Managing Director of the International Monetary Fund (IMF) was also present during the session. The meetings also discussed the progress under the ASEAN Financial Integration Framework and the various initiatives under the ASEAN+3 Finance Cooperation.

During the sidelines of the ACGM, two significant events took place:

1. The ASEAN Central Bank Governors also launched a summary report entitled "The Road to ASEAN Financial Integration - A Combined Study on Assessing the Financial Landscape and Formulating Milestones for Monetary and Financial Integration in ASEAN". This report, a joint initiative of the ASEAN central banks and monetary authorities, the ASEAN Secretariat and the Asian Development Bank, highlights ASEAN's financial integration framework in the areas of financial services, capital account, payments and settlement systems, and capital markets.
2. The signing of the Memorandum of Understanding (MoU) between AMBD and Bank Negara Malaysia (BNM). The MoU further strengthens cooperation in the financial sector between Brunei Darussalam and Malaysia, including arrangements relating to cross-border banking supervision, exchange of information, cooperation in capacity building and human capital development between the two central banks, as well as development in the area of Islamic finance.

On 18 January 2013, a Bilateral Meeting between AMBD and Monetary Authority of Singapore (MAS) was held to discuss issues that would lead to mutual benefits for both parties. Other major events held in 2013 with the support of the Centre for Islamic Banking, Finance and Management (CIBFM) was the Brunei Darussalam Islamic Investment Summit 2013, Mukhtar Kewangan Islam Brunei Darussalam 2013, and the 9th Annual Brunei Darussalam Roundtable 2013. A key summary of the events is as follows:

1. The Brunei Darussalam Islamic Investment Summit, with the theme 'Tapping and Expanding the Global Investment Opportunity in Asia's Market', was held on 18 June 2013. Its main objective was to provide a platform for participants to share knowledge and experiences, as well as exchange views on current issues pertaining to Islamic finance with special focus on investment opportunities in the Asian region. The Summit was jointly organised with CIBFM and in collaboration with Centre for Research and Training (CERT), Malaysia.
2. The Mukhtar Kewangan Islam Brunei Darussalam 2013, held on 17 June 2013, was aimed to provide a platform for the sharing of experience and knowledge, as well as exchange of ideas regarding the pertinent issues in Sharia and fiqh al-muamalat in Islamic finance. Among the topics discussed were opportunities and challenges in Islamic finance, as well as theory and application of Islamic finance products and instruments. The Mukhtar was jointly organised with CIBFM, and in collaboration with CERT, Malaysia.

3. The 9th Annual Brunei Darussalam Roundtable 2013, which was held on 30 October 2013, was focused on the theme "Building and Sustaining Growth". The event brought together regulators and industry players to discuss and share experiences on the latest issues in the financial industry. Among the topics discussed were Brunei Darussalam's economic agenda, progress and development of capital markets in Brunei Darussalam, the overview and opportunities in the Sukuk market, impact of regulatory reforms on fund markets and investments, ASEAN Capital Markets and the New Economic Order, as well as how asset owners are coping in a low interest rate regime. The Roundtable was jointly organised by Asia Asset Management and CIBFM, supported by AMBD.

The header features a dark teal background with a repeating geometric pattern of interlocking circles and lines. A central black rectangular area contains the text '6. ORGANISATIONAL DEVELOPMENT' in a bold, yellow, sans-serif font. The pattern is flanked by thin gold horizontal lines.

6. ORGANISATIONAL DEVELOPMENT

AMBD has always recognised the importance of performing strategic functions to improve individual and department performance. With having a clear shared vision of objectives, good performance management processes and the right leadership to drive success, AMBD continues to support the learning and development of individuals and departments. With this in mind, AMBD is at the early stages of establishing a learning and development framework to cover a range of functional and managerial development programmes.

In 2013, AMBD sent 1 officer to undertake a Masters Program in the United Kingdom. Another officer was also placed at a prestigious foreign financial regulatory body for a short-term attachment to acquire functional expertise and to be updated on the developments in market practices.

For domestic capacity building, AMBD, with the collaboration of the Centre for Islamic Banking, Finance and Management (CIBFM), which is under the arm of AMBD, provide tailored programmes for AMBD staff as well as the financial industry players in Brunei Darussalam. AMBD also continues to support and participate in learning and development programmes provided by regional and international capacity building providers, such as the South East Asian Central Banks Research and Training Centre (SEACEN), the ASEAN Insurance Training and Research Institute (AITRI), and the Islamic Financial Services Board (IFSB), as well as other central banks and financial regulators. Towards this end, AMBD hosted the Toronto Centre-AITRI Intermediate On-Site and Off-Site Examination Workshop on 6-9 May 2013 and the SEACEN-Deutsche Bundesbank Course on Consolidated Supervision on 19-24 May 2013. By attending these programmes AMBD staff can acquire the best central banking experiences to compare and improve on our central banking functions.

Table 21: Workforce Developments				
	2011	2012	2013	Change in 2013 from 2012 (percentage)
Total	102	122	165	35.2
Officer	62	80	108	35.0
Staff	40	42	57	35.7
Male	36	49	68	38.8
Female	66	73	97	32.9
Ratio Male to Female	1:1.83	1:1.49	1:1.43	

Source: Human Resource Unit, AMBD



7. AUDITED FINANCIAL STATEMENTS

**Autoriti Monetari Brunei Darussalam
(Established in Brunei Darussalam)**

**Report and Audited Financial Statements
Year ended 31 December 2013**

The Members of the Board hereby submit their report and the audited financial statements of Autoriti Monetari Brunei Darussalam for the year ended 31 December 2013.

Principal Activities

Autoriti Monetari Brunei Darussalam ("the Authority") was established on 1 January 2011 pursuant to Section 3(1) of the Autoriti Monetari Brunei Darussalam 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 Government to the extent that it considers appropriate.

In line with the introduction of the Order His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam also consented to the amendment of the Currency and Monetary Order, 2004, now cited as Currency Order, 2004 ("the CO"), which came into effect on 1 January 2011.

The CO, amongst other things, provides for the transfer of the powers of the Brunei Currency and Monetary Board ("BCMB") to the Authority, including its assets and liabilities. Therefore, assets and liabilities previously held under BCMB which were valued using Generally Accepted Accounting Practice in Brunei ("GAAP") have now been transferred to the Authority valued in accordance with International Financial Reporting Standards ("IFRS"). The CO also provides for the establishment of the Currency Fund for the purpose of currency management. Following this amendment, the Authority is the sole authority for the issuance of Brunei currency notes and coins.

Financial Statements

Total comprehensive loss	B\$'000 <u>(81,637)</u>
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Members of the Board

The members of the board at the date of this report are as follows:-

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	As Chairman
Yang Berhormat Pehin Orang Kaya Indera Pahlawan Dato Seri Setia Awang Haji Suyoi bin Haji Osman Minister of Development	As Deputy Chairman
Yang Berhormat Pehin Orang Kaya Laila Setia Dato Seri Setia Awang Haji Abdul Rahman bin Haji Ibrahim Minister of Finance II at the Prime Minister's Office	
Yang Mulia Dato Paduka Awang Haji Ali bin Apong Deputy Minister at the Prime Minister's Office	
Yang Arif Dato Seri Setia Awang Haji Metussin bin Haji Baki Syariah High Court Judge	
Yang Mulia Dato Paduka Awang Haji Mohd Roselan bin Haji Mohd Daud Permanent Secretary (International, Economic, Finance, Research and Development), Prime Minister's Office (Effective from 1 January 2014)	
Yang Mulia Dato Paduka Awang Haji Hisham bin Haji Mohd Hanifah Permanent Secretary (Policy and Investment), Ministry of Finance	
Yang Mulia Dato Paduka Awang Haji Mohd Rosli bin Haji Sabtu Managing Director, Autoriti Monetari Brunei Darussalam	
Yang Mulia Dayang Naimah binti Md Ali Solicitor General (Retired on 31 December 2013)	
Yang Mulia Dato Paduka Dr Awang Haji Ismail bin Haji Duraman (Retired on 31 December 2013)	

Audit Committee

The members of the Audit Committee are as follows:

Financial Year 2013

Yang Mulia Dato Paduka Dr Awang Haji Ismail bin Haji Duraman
(Retired on 31 December 2013)

Chairman

Yang Mulia Awang Haji Azhar bin Haji Ahmad

Yang Mulia Dayang Naimah binti Md Ali
(Retired on 31 December 2013)

Yang Mulia Awang Haji Zakaria bin Haji Serudin
(Effective from 8 April 2013 to 3 June 2013)
(Reappointed from 1 January 2014)

From 1st January 2014 onwards:-

Yang Mulia Dato Paduka Awang Haji Mohd Roselan bin Haji Mohd Daud
Permanent Secretary (International, Economic, Finance, Research
and Development), Prime Minister's Office
(Effective from 1 January 2014)

Chairman

Yang Mulia Awang Haji Zakaria bin Haji Serudin

Yang Mulia Awang Haji Azhar bin Haji Ahmad

Yang Mulia Dayang Rokiah binti Haji Badar

The Audit Committee has held several meetings in 2013. In performing its functions, the Audit Committee met with the Authority's external auditors to discuss the scope of their work, the results of their examination and evaluation of the Authority's internal accounting control system.

Auditors

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

For and on behalf of the Board



**Yang Berhormat Pehin Orang Kaya
Indera Pahlawan Dato Seri Setia Awang
Haji Suyoi bin Haji Osman**
Deputy Chairman



**Yang Mulia Dato Paduka Awang Haji
Mohd Rosli bin Haji Sabtu**
Managing Director

INDEPENDENT AUDITOR'S REPORT

AUTORITI MONETARI BRUNEI DARUSSALAM

(Enacted in Brunei Darussalam)

Report on the Financial Statements

We have audited the accompanying financial statements of Autoriti Monetari Brunei Darussalam ("the Authority") which comprise the statement of financial position as at December 31, 2013, and the statement of profit or loss and other comprehensive income, statement of distribution, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on page 61 to 88.

Director's Responsibility for the Financial Statements

Director is responsible for the preparation and fair presentation of these financial statements in accordance with the Autoriti Monetari Brunei Darussalam Order, 2010 ("the Order"), Currency Order, 2004 ("the CO") and International Financial Reporting Standards ("IFRS"), and for such internal control as director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion


In our opinion,

- a) the financial statements of the Authority are properly drawn up in accordance with the Order, the CO and International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the state of affairs of the Authority as at December 31, 2013 and of the results, changes in equity and cash flows of the Authority for the year ended on that date according to the best of our information and the explanations given to us, and as shown by the books of the Authority; and
- b) we have obtained all the information and explanations that we required.



DELOITTE & TOUCHE

Certified Public Accountants



PENGIRAN HAJI MOKSIN BIN PENGIRAN HAJI YUSOF

Brunei Darussalam Authorised Auditor

Brunei Darussalam

Date: April 17, 2014

Statement of financial position As at 31 December 2013

	Note	2013 B\$'000	2012 B\$'000
Non-current assets			
Gold, property, plant & equipment	3	242,148	220,996
Total non-current assets		242,148	220,996
Current assets			
Securities	4	1,512,371	950,382
Inventories		13,680	7,877
Assets held with IMF	5	453,543	436,455
Other assets	6	29,290	63,130
Fixed deposits		-	8,481
Cash and cash equivalents with - Banks and other financial institutions	7	2,277,139	2,841,725
Total current assets		4,286,023	4,308,050
TOTAL ASSETS		4,528,171	4,529,046
EQUITY & LIABILITIES			
Equity			
Capital	8	1,000,000	1,000,000
Reserve funds	9	69,802	107,206
Currency valuation reserve	9	473	-
Market valuation reserve	9	-	44,706
Total equity		1,070,275	1,151,912

The notes set out on pages 61 to 88 form part of these financial statements

	Note	2013 B\$'000	2012 B\$'000
<u>Non-current liabilities</u>			
Provisions	10	5,980	27,780
Total non-current liabilities		5,980	27,780
<u>Current liabilities</u>			
Currency in circulation	11	1,219,737	1,627,057
Payables to Government of Brunei Darussalam	12	56,341	54,190
Liabilities with IMF	5	398,258	383,098
Other liabilities	13	26,390	25,053
Deposits and balances of - Banks and other financial institutions	14	1,751,190	1,259,956
Total current liabilities		3,451,916	3,349,354
TOTAL EQUITY & LIABILITIES		4,528,171	4,529,046

On behalf of the Board



.....
**Yang Berhormat Pehin Orang Kaya
 Indera Pahlawan Dato Seri Setia Awang
 Haji Suyoi bin Haji Osman**
 Deputy Chairman



.....
**Yang Mulia Dato Paduka Awang Haji
 Mohd Rosli bin Haji Sabtu**
 Managing Director

The notes set out on pages 61 to 88 form part of these financial statements

Statement of profit or loss and other comprehensive income For the year ended 31 December 2013

	Note	2013 B\$'000	2012 B\$'000
Interest income	15	1,311	4,190
		1,311	4,190
Net (losses) / gains on financial assets	16	(2,558)	31,701
Net (losses) / gains on gold revaluation	17	(63,034)	1,222
Operating income	18	3,615	5,540
		(61,977)	38,463
Profit before operating expenses		(60,666)	42,653
Fee and commission expense	19	(2,866)	(1,987)
Staff costs	20	(9,794)	(9,229)
Other operating expenses		(8,311)	(6,833)
(Loss) / Profit for the year		(81,637)	24,604
Other comprehensive income		-	-
Total comprehensive (loss) / income		(81,637)	24,604

Statement of Distribution As at 31 December 2013

	Note	2013 B\$'000	2012 B\$'000
Total comprehensive (loss) / income		(81,637)	24,604
Transfer from reserve fund	2.20 (c)	37,404	-
Transfer from currency valuation reserve fund	2.19 (b)	-	2,442
Transfer from market valuation reserve fund	2.19 (d)	44,706	-
Earnings available for distribution		473	27,046
<i>Distributed as follows:</i>			
Transfer to reserve fund	2.20 (b)	-	(3,247)
Transfer to currency valuation reserve fund	2.19 (a)	(473)	-
Transfer to market valuation reserve fund	2.19 (c)	-	(16,223)
To be transferred to the Government of Brunei Darussalam		-	(7,576)
		-	-

The notes set out on pages 61 to 88 form part of these financial statements

Statement of changes in equity As at 31 December 2013

	Share capital B\$'000	Retained earnings B\$'000	Reserve fund B\$'000	Currency valuation reserve B\$'000	Market valuation reserve B\$'000	Total B\$'000
At 1 January 2012	1,000,000	-	679	2,442	28,483	1,031,604
Capital	-	-	-	-	-	-
Profit for the year	-	24,604	-	-	-	24,604
Adjustment [^]	-	-	72	-	-	72
Transfer during the year	-	-	103,208	-	-	103,208
Transfer for distribution of profits	-	(17,028)	3,247	(2,442)	16,223	-
Transfer to Government of Brunei Darussalam *	-	(7,576)	-	-	-	(7,576)
At 31 December 2012	1,000,000	-	107,206	-	44,706	1,151,912
At 1 January 2013	1,000,000	-	107,206	-	44,706	1,151,912
Loss for the year	-	(81,637)	-	-	-	(81,637)
Adjustment	-	-	-	-	-	-
Transfer during the year	-	-	-	-	-	-
Transfer for distribution of profits	-	81,637	(37,404)	473	(44,706)	-
Transfer to Government of Brunei Darussalam *	-	-	-	-	-	-
At 31 December 2013	1,000,000	-	69,802	473	-	1,070,275

Note:-

[^]Adjustment to the profit of previous financial year

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

The notes set out on pages 61 to 88 form part of these financial statements

Statement of cash flows As at 31 December 2013

	2013 B\$'000	2012 B\$'000
Cash flows from operating activities		
(Loss) / profit for the year	(81,637)	24,604
Adjustment for:		
Depreciation on plant, property and equipment	2,125	1,247
Unrealised losses / (gains) on gold revaluation	63,034	(1,222)
Unrealised losses / (gains) on currency and market	35,336	(11,885)
	18,858	12,744
Changes in operating assets and liabilities		
(Increase) / Decrease in:		
Securities	(597,326)	(252,770)
Derivatives	-	693
Inventories	(5,803)	120
Other assets	33,840	(25,772)
Fixed deposits	8,481	111,534
Increase / (Decrease) in:		
Provisions	(21,800)	(707)
Payables to Government of Brunei Darussalam	224	412
Other liabilities	1,337	3,056
Deposits and balances of : banks and other financial institutions	491,234	284,464
Net cash (used for) from operating activities	(89,813)	121,030
Cash flows from investing activities		
Purchase of gold, property, plant & equipment	(86,311)	(66,510)
Net cash used in investing activities	(86,311)	(66,510)
Cash flows from financing activities:		
Receivables from Government of Brunei Darussalam	-	300,000
(Decrease) in currency in circulation	(407,320)	(62,930)
Net cash (used in) / from financing activities	(407,320)	237,070
Net (decrease) increase in cash & cash equivalent	(564,586)	304,334
Cash and cash equivalents at beginning of the year	2,841,725	2,537,391
Cash & cash equivalent at the end of the year	2,277,139	2,841,725

The notes set out on pages 61 to 88 form part of these financial statements

Notes to the financial statements

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

The financial statements were authorised for issue by the Board of Directors on April 17, 2014.

1. Domicile and activities

Autoriti Monetari Brunei Darussalam (“the Authority”) acts as a central bank of Brunei Darussalam, domiciled in Brunei Darussalam and was established on 1 January 2011 pursuant to Section 3(1) of the Autoriti Monetari Brunei Darussalam Order, 2010.

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

The Government of Brunei Darussalam is the shareholder of the Authority.

2. Summary of significant accounting policies

2.1. Basis of preparation

2.1.1. *Statement of compliance*

The financial statements are prepared in accordance with the International Financial Reporting Standards (“IFRS”), Autoriti Monetari Brunei Darussalam Order, 2010 (“the Order”) and Currency Order 2004 (“the CO”).

2.1.2. *Functional currency*

The financial statements of the Authority are presented in Brunei Dollars, rounded to the nearest thousands, except as otherwise stated. The Brunei Dollar is also the functional currency of the Authority.

2.1.3. *Basis of measurement*

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

2.2. Financial instruments

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

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

2.3. Financial assets

Financial assets comprise investments in equity and debt securities, trade and other receivables, cash balances with central banks, banks and other financial institution and assets held with the IMF. Cash and cash equivalents comprise cash on hand, balances and placements with banks which are repayable on demand, money at call and on short notice.

Financial assets are classified in the following categories: financial assets at fair value through profit or loss ("FVTPL"), and loan and receivables financial assets. Note 23 sets out the amount of each class of financial asset and their corresponding categories. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Authority commits itself to purchase or sell the asset.

Purchases and sales of financial assets at fair value through profit or loss are recognised on trade date – the date on which the Authority commits to purchase or sell the asset. Loans and receivables are recognised on the date they are originated.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.3.1. *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial instruments held for trading, and those designated as fair value through profit or loss at inception ("fair value option").

A financial asset is classified as held for trading if:

- a) it has been acquired principally for the purpose of selling it in the near term; or
- b) on initial recognition it is part of a portfolio of identified financial instruments that the Authority manages together and has a recent actual pattern of short-term profit-taking; or
- c) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets held for trading include Government securities and treasury bills and other dealing securities which are held for trading.

The Authority does not have any financial assets designated at fair value through profit or loss.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

2.3.2. Loans and receivables

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, and deposits held in banks unless otherwise stated) are initially recognised at fair value plus incremental direct transaction costs, and subsequently measured at amortised cost using the effective interest method less impairment losses.

2.3.3. Derecognition of financial assets

The Authority 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 Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.3.4. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected, and that loss can be estimated reliably.

For all other financial assets, objective evidence of impairment could include:

- a) significant financial difficulty of the issuer or counterparty; or
- b) breach of contract, such as a default or delinquency in interest or principal payments; or
- c) it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- d) the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss is recognised as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.4. Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or measured at amortised cost.

2.4.1. Financial liabilities at fair value through profit or loss

To date, the Authority does not have financial liabilities that are classified under FVTPL. All financial liabilities are measured at amortised cost.

2.4.2. Financial liabilities measured at amortised cost

Other financial liabilities (including currency in circulation, trade and other payables, deposits and balances of banks and other financial institutions, and liabilities with the IMF) are subsequently measured at amortised cost using the effective interest method. Currencies held for distribution are recorded at fair value.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.4.3. Derecognition of financial liabilities

The Authority derecognises financial liabilities only when the Authority's obligations are discharged, cancelled or they expire. 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

The Authority enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivative financial instruments are accounted for on a trade date basis. Derivative financial instruments are recognised initially at fair value on the date on which a derivative contract is entered into. Subsequent to initial recognition, derivative financial instruments are remeasured at their fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. Any arising attributable transaction costs are recognised in the statement of profit or loss and other comprehensive income as incurred.

Fair values of the derivative financial instruments are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flows models and pricing models, as appropriate.

Assets, including gains, resulting from derivative financial instruments which are measured at fair value are presented on the face of the statement of financial position as "Derivatives" under current assets; liabilities, including losses, resulting from such contracts, are included are presented on the face of the statement of financial position as "Derivatives" under current liabilities. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

2.6. Fair value of financial instruments

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arms-length transaction other than an involuntary liquidation or distressed sale.

Fair value is based on observable market prices or parameters where available, or derived from such prices or parameters.

The fair values of quoted investments in active markets are based on bid prices for equity and debt securities. If the market for a financial asset is not active (and for unquoted securities), the Authority establishes fair value by using valuation techniques.

Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Authority, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Authority calibrates market transactions in the same instrument or based on other available observable market data.

Any gains or losses arising from the valuation of financial instruments do not include interest and dividend income. As for cash and cash equivalents, other assets, currency in circulation and deposits liabilities are carried in the statement of financial position at face value which is equivalent to their amortised cost.

Fair values of derivative financial instruments are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flows models and pricing models, as appropriate.

2.7. Property, plant and equipment

2.7.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2.7.2 Subsequent costs

Subsequent expenditure is capitalized only when it is probably that the future economic benefits of expenditure will flow to the Authority. Ongoing repairs and maintenance are expensed as incurred.

2.7.3 Depreciation

Property, plant 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 and fittings	– 5 to 10 years
Office equipment, computers and machinery	– 3 to 10 years
Motor vehicles	– 7 years

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

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 statement of profit or loss.

2.8. Gold

Gold is recognised in the statement of financial position at cost and subsequently measured at its revalued amount, being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of gold is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such asset is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Gold held by the Authority is not actively traded.

2.9. Impairment on non-financial assets

The carrying amounts of the Authority'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. Revenue recognition

Revenue is recognised when the amount of revenue and associated costs can be reliably measured, it is probable that economic benefits associated with the transaction will be realised, and the stage of completion of the transaction can be reliably measured.

2.10.1. Interest income

Interest from all interest-bearing assets and liabilities is recognised as net interest income using the effective interest method. The effective interest rate is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period using the estimated future cash flows.

The estimated future cash flows used in this calculation include those determined by the contractual terms of the asset or liability, all fees that are considered to be integral to the effective interest rate, direct and incremental transaction costs, and all other premiums or discounts but not future credit losses.

2.10.2. Dividend income

Dividends are recognised as revenue when the right to receive payment is established.

2.10.3. 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 effective interest rate.

2.11. 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.

2.12. Foreign currency transaction and translation

In preparing the financial statements, transactions in currencies other than the Authority's functional currency are recognised at the rate of exchange prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated into the functional currency, Brunei dollars, at rates of exchange prevailing at the end of the reporting period. Transactions in foreign currencies are translated into Brunei Dollar at exchange rates prevailing on the transaction date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the year. Foreign currency differences arising on retranslation are generally recognised in profit or loss. However, any foreign currency valuation losses are deducted 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.

2.13. Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Authority 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.

Income and expenses are presented on a net basis only when permitted under IFRS or for gains and losses arising from a group of similar transactions.

2.14. Cash and cash equivalents

Cash and cash equivalents comprise of balances and short-term investments with less than or equal to three months maturity from the date of acquisition and currencies that are held for distribution. Breakdown of the maturity period of cash deposits and short-term investments are disclosed in Note 24 under sub-heading Liquidity Risk.

2.15. Inventory

Inventories consist of the currencies that are held for distribution and are measured at costs. 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.

2.16. Currency in circulation

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.

Currencies that are held for distribution are measured at cost. The cost 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.

The assets and liabilities of the Currency Fund as at 31 December 2013 are as follow:

	2013	2012
	B\$'000	B\$'000
External Assets:		
Gold	222,060	199,463
Securities	605,910	588,684
Cash & cash equivalent	637,042	1,038,677
Other assets	3,245	3,714
	<u>1,468,257</u>	<u>1,830,538</u>
Less:		
Active currency in circulation	1,219,737	1,627,057
Currency held by the Authority	-	-
	<u>1,219,737</u>	<u>1,627,057</u>
	<u>248,520</u>	<u>203,481</u>

2.17. Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that the Authority 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.

2.18. Employee benefits

2.18.1. Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Authority 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.

Under Section 26 of the Order, the laws of Brunei Darussalam which relate to retirement benefits schemes shall apply to employees of the Authority. For the current financial year, the Authority participates in Employees Trust Fund ("TAP") and Supplemental Contributory Pension ("SCP").

2.19. Distributable earnings

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

- 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;
- 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.

2.20. Allocation of distributable earnings

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

- a) Within 3 months after the end of every financial year, the Authority shall allocate the distributable earnings as follows:
 - where the total balance of the paid-up capital and Reserve Fund is less than 20 percent of the total assets at the end of the financial year, 10 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 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 Authority except as permitted by subsection (a) above.
- c) If in any financial year the Authority incurs negative distributable earnings, these earnings shall first be charged to the Reserve Fund and subsequently be covered by capital.

2.21. Application of new and revised IFRSs

All new and amended applicable IFRSs effective for this financial period have been applied consistently throughout these financial statements. There is no material impact of this application on the financial statements other than those discussed below:

a) *Amendment to IAS 1 Presentation of items of Other Comprehensive Income*

The Authority has applied the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* in advance of the effective date (annual periods beginning on or after 1 July 2012). The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. The application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b) *Amendment to IFRS 7 and IAS 32*

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The Authority has applied the amendments to IFRS 7 which are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures have been provided retrospectively for all comparative periods.

The amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with early adoption permitted and retrospective application required. The Authority has opted to adopt these amendments early and these amendments have been applied for the period beginning 1 January 2013. The disclosures have been provided retrospectively for all comparative periods.

These amendments have not resulted in a significant impact on the Authority's financial statements.

c) *IFRS 13 Fair value measurement*

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope. The Authority anticipates that the application of the new Standard may affect certain amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The Authority has not applied the following new and revised IFRS that had been issued but not yet effective, and which is relevant to it:

a) *IFRS 9 Financial Instruments*

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and amended in October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the Authority's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Authority is currently assessing the impact on the application of IFRS 9.

3. Gold, property, plant and equipment

	Gold	Buildings	Furniture fixtures & fittings	Motor vehicles	Office equipment, machinery & computers	Total
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Cost						
At 1 January 2013	199,463	39,794	449	194	7,908	247,808
Additions	85,631	-	164	116	400	86,311
Revaluation	(63,034)	-	-	-	-	(63,034)
At 31 December 2013	222,060	39,794	613	310	8,308	271,085
Accumulated depreciation						
At 1 January 2013	-	24,044	355	117	2,296	26,812
Depreciation charge for the year	-	461	23	22	1,619	2,125
At 31 December 2013	-	24,505	378	139	3,915	28,937
Net book value as at 31 December 2013	222,060	15,289	235	171	4,393	242,148
Cost						
At 1 January 2012	136,014	39,794	427	194	3,647	180,076
Additions	62,227	-	22	-	4,261	66,510
Revaluation	1,222	-	-	-	-	1,222
At 31 December 2012	199,463	39,794	449	194	7,908	247,808

	Gold	Buildings	Furniture fixtures & fittings	Motor vehicles	Office equipment, machinery & computers	Total
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Accumulated depreciation						
At 1 January 2012	-	23,582	333	103	1,547	25,565
Depreciation charge for the year	-	462	22	14	749	1,247
At 31 December 2012	-	24,044	355	117	2,296	26,812
Net book value as at 31 December 2012	199,463	15,750	94	77	5,612	220,996

4. Securities

	2013	2012
	B\$'000	B\$'000
Government debt securities	744,856	595,742
Corporate debt securities	74,272	77,701
Other Government treasury bills	614,670	214,750
Equity	78,573	62,189
	1,512,371	950,382

Debt securities with carrying amount B\$819,128,068.44 have stated interest rates ranging from 0.00% to 4.665% and will have maturity of up to 28 years.

The performance of financial assets designated at fair value through profit or loss is actively monitored and they are managed on a fair value basis. The Authority's exposure to credit and market risks and fair value information related to securities are disclosed in note 24.

5. 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 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 were maintained by the Authority (as a depository) under IMF Account No. 1, IMF Account No. 2 and IMF Securities Account.

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 deposits represented the Domestic Currency Portion amounting to SDR201,730,037 of Brunei Darussalam's Quota Subscription payment to IMF.

The IMF account is as detailed below:

	2013	2012
	B\$'000	B\$'000
<u>ASSETS</u>		
Foreign currency investment and claims:		
IMF quota subscription	420,656	404,667
IMF No.1 currency account	(84,193)	(89,964)
IMF securities account	(291,132)	(311,085)
Currency valuation adjustment account	(18,604)	22,093
Reserve Tranche Position	26,727	25,711
SDR holdings	423,179	407,069
Account receivable:		
Accrued remuneration on Brunei's reserve tranche position	2	1
Accrued interest on SDR holdings	73	46
IMF expenses on SDR allocation	3,562	3,628
	453,543	436,455
<u>LIABILITIES</u>		
IMF No.2 currency account	378	404
Currency valuation adjustment account No.2	19	(22)
IMF SDR allocation	397,793	382,672
IMF accrued expenses on SDR allocation	68	44
	398,258	383,098

6. Other assets

	2013	2012
	B\$'000	B\$'000
Interest and dividend receivable	5,875	5,345
World Bank subscription	19,659	19,659
Prepayments	2,921	37,252
Sundry assets	835	874
	29,290	63,130

7. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2013	2012
	B\$'000	B\$'000
Cash	214,748	589,708
Short-term deposits	780,200	1,523,521
Short-term Government Treasury bills	1,282,191	728,496
	2,277,139	2,841,725

8. Capital

The authorised capital of the Authority is B\$2,000,000,000 and the paid-up capital is B\$1,000,000,000. The entire capital is held by the Government of Brunei Darussalam.

The Authority regards its shareholder's funds as capital to support its normal operations.

9. Reserve funds

The reserve funds were established in accordance with the provisions of Section 7 of the the Order, 2010 as follow:

- (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 realized 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 instrument and other assets; and
- (d) such other funds as the Authority may determine.

10. Provisions

	2013	2012
	B\$'000	B\$'000
Provision for seconded staff costs	5,238	5,238
Provision for incentive scheme	702	440
Provision for leave expenses	40	-
Provision for distributable earnings to Government of Brunei Darussalam	-	22,102
	5,980	27,780

- a) The provision for seconded staff costs comprises of the staff costs for the Government officers and staff who were seconded to BCMB for the year 2009-2010 and to the Authority for the year 2011-2012.

- b) The provision for incentive scheme relates to a post-employment benefit plan under which the Authority contributes 5 or 10 percent of employee's monthly salary depending on the employee's annual performance. This will be invested through third party or any institution approved by the Board. This incentive scheme is recognised as an employee benefits expense under "Other operating expenses" in the statement of profit or loss and other comprehensive income. The provision for this incentive scheme was reclassified from current liabilities in 2011 to non-current liabilities in 2012.
- c) The provision of leave expenses is to account for the amount of accumulated leave which has a vesting interest on the Authority by calculating the days of leave accumulated against the salary as at 31 December 2013.
- d) The provision for distributable earnings to Government of Brunei Darussalam is as follows:

	2013	2012
	B\$'000	B\$'000
At 1 January	22,102	14,526
Distributable profit for the year	-	7,576
Repayment made during the year	(22,102)	-
At 31 December	-	22,102

There will be no provision for 2013 as the Authority has no distributable earnings to be distributed to the Government of Brunei Darussalam.

11. Currency in circulation

	2012	2011
Denomination	B\$'000	B\$'000
\$1	34,564	33,380
\$5	22,575	21,468
\$10	121,579	117,548
\$20	11,225	10,703
\$25	8,474	8,541
\$50	40,162	39,120
\$100	550,671	525,949
\$500	195,288	188,358
\$1,000	86,249	78,748
\$10,000	110,360	566,170
Other notes and coins	38,590	37,072
	1,219,737	1,627,057

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

12. Payables to the Government of Brunei Darussalam

	2013	2012
	B\$'000	B\$'000
Payables to the Government of Brunei Darussalam on IMF holdings	55,285	53,358
Payables to the Government of Brunei Darussalam	1,056	832
	56,341	54,190

13. Other liabilities

	2013	2012
	B\$'000	B\$'000
Accrued expenses	4,095	5,122
Deposits by international institutions	19,679	19,679
Other liabilities	2,616	252
	26,390	25,053

14. Deposits and balances of banks and other financial institutions

	2013	2012
	B\$'000	B\$'000
Minimum cash balance:		
Commercial banks	906,787	906,447
Finance companies	106,403	93,509
Reserve account:		
Commercial banks	738,000	260,000
	1,751,190	1,259,956

Deposits from banks and finance companies include:

- a) The MCB 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.
- b) The reserve accounts shall be used for the maintenance of the bank's cash balances with the Authority. For the Asset Maintenance Requirement, the cash balances in the reserve account may be recognised as an eligible asset as defined in regulation 2 of the Deposit Protection Regulations, 2010 (S111/10) for the purpose of computing the asset maintenance ratio. This account was introduced in 2012.

15. Interest Income

Interest income is inclusive of interest that is earned from placement of fixed deposits, cash and cash equivalents. For the year 2013, the Authority earned B\$1,310,884.73 (2012: B\$4,190,355.10)

16. Net (losses) / gains on financial assets

	2013 B\$'000	2012 B\$'000
Debt securities		
- Market (losses) / gains	(36,683)	10,464
- Bonds interest	17,417	16,672
Equity		
- Market gains	14,686	7,159
- Dividend	1,536	1,554
Foreign exchange gains / (losses)	486	(4,148)
	(2,558)	31,701

17. Net (losses) / gains on gold revaluation

	2013 B\$'000	2012 B\$'000
Unrealised (losses) / gains on market	(71,160)	11,905
Unrealised gains / (losses) on currency	8,126	(10,683)
	(63,034)	1,222

18. Operating income

Operating income is inclusive of the following:

	2013 B\$'000	2012 B\$'000
Registry of international business companies	1,745	3,063
Registration and licensing of banks and financial institutions	554	1,953
Credit Bureau services	614	281
Sale of Commemorative coins	650	219
Other income	52	24
	3,615	5,540

19. Staff costs

	2013	2012
	B\$'000	B\$'000
Salaries and wages	5,833	4,806
Bonuses	1,073	1,069
Long-term incentive scheme	261	250
Allowances	1,585	1,832
Other staff costs	1,042	1,272
	9,794	9,229

20. Other operating expenses

	2013	2012
	B\$'000	B\$'000
Depreciation	2,125	1,247
Consultancy and development expenditure	2,367	1,902
Other expenses	3,819	3,684
	8,311	6,833

21. Capital management

The Authority manages its capital to ensure that it will be able to continue as going concerns while ensuring there is sufficient capital to carry out effectively its statutory responsibilities. The Authority's overall strategy remains unchanged from 2011.

The capital structure of the Authority's consists of the equity of the Authority's comprising paid-up capital and reserve, detailed in Notes 8 and 9.

The Authority is not subject to any externally imposed capital requirements.

22. Related Party

In the normal course of its operation, the Authority can enter into transactions with related party. Related parties include the Government of Brunei Darussalam.

The Authority may serve as banker to and act as the financial agent to the Government of Brunei Darussalam. There is no related party transaction during the current financial year.

23. Categories of financial instruments

The fair values of financial assets and liabilities, together with their carrying amounts shown in the statement of financial position, are presented in the table below.

The Authority considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values due to their relatively short term maturity.

The fair values of financial assets and financial liabilities are determined as follows:

- a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- b) The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts; and
- c) The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

31 December 2013

Financial assets

Securities
Assets held with IMF
Other assets
Cash and cash equivalents with banks and other financial institutions

	Carrying amount	At fair value through profit or loss	Loans and receivables	Financial liabilities held at amortised cost
	B\$'000	B\$'000	B\$'000	B\$'000
Securities	1,512,371	1,512,371	-	-
Assets held with IMF	453,543	-	453,543	-
Other assets	26,369	-	26,369	-
Cash and cash equivalents with banks and other financial institutions	2,277,139	-	2,277,139	-
	4,269,422	1,512,371	2,757,051	-
Financial Liabilities				
Currency in circulation	1,219,737	-	-	1,219,737
Payables to Government of Brunei Darussalam	56,341	-	-	56,341
Liabilities with IMF	398,258	-	-	398,258
Other liabilities	26,390	-	-	24,258
Deposits and balances of banks and other financial institutions	1,751,190	-	-	1,751,190
	3,451,916	-	-	3,449,784

	Carrying amount	At fair value through profit or loss	Loans and receivables	Financial liabilities held at amortised cost
	B\$'000	B\$'000	B\$'000	B\$'000
31 December 2012				
<u>Financial assets</u>				
Securities	950,382	950,382	-	-
Assets held with IMF	436,455	-	436,455	-
Other assets	25,878	-	25,878	-
Fixed deposits	8,481	-	8,481	-
Cash and cash equivalents with banks and other financial institutions	2,841,725	-	2,841,725	-
	4,262,921	950,382	3,312,539	-
<u>Financial Liabilities</u>				
Currency in circulation	1,627,057	-	-	1,627,057
Payables to Government of Brunei Darussalam	54,190	-	-	54,190
Liabilities with IMF	383,098	-	-	383,098
Other liabilities	25,053	-	-	25,053
Deposits and balances of banks and other financial institutions	1,259,956	-	-	1,259,956
	3,349,354	-	-	3,349,354

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: Valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2: Valued using techniques that rely upon relevant observable market data curves. This category of instruments comprised of derivatives, repurchase transactions, commercial paper and deposits.

Level 3: Valued using techniques where at least one input that could have a significant impact on the valuation is not based on observable market data.

	Level 1 B\$'000	Level 2 B\$'000	Level 3 B\$'000	Total B\$'000
31 December 2013				
Securities	1,512,371	-	-	1,512,371
	1,512,371	-	-	1,512,371
31 December 2012				
Securities	950,382	-	-	950,382
	950,382	-	-	950,382

24. Financial risk management

Exposure to credit, market, liquidity and operational risks arise in the normal course of the Authority's business. The Authority has risk management policies and has established processes to monitor and control the risks inherent in their business and activities.

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 Authority, as and when they fall due.

Under Section 68 of the Order, there is a guarantee from the Government which states that the Government shall be responsible for the payment of all moneys due by the Authority.

Credit risk on securities held by the Authority is managed by providing investment guidelines and requirements to the funds. These guidelines are agreed upon by the Board of Directors.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2013	2012
	B\$'000	B\$'000
Securities	1,512,371	950,382
Other assets	26,369	25,878
Fixed deposits	-	8,481
Cash and cash equivalents with banks and other financial institutions	2,277,139	2,841,725
	3,815,879	3,826,466

The Authority which acts as the depository agent for the Government for IMF Membership holds assets and liabilities in the Authority's books. Therefore, the Authority is not susceptible to the risks of ownership.

Liquidity risk

Liquidity risk is the risk that the Authority 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.

The Authority's objective is to ensure that adequate liquidity is maintained at all times. The Authority 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 need. Alongside this, the Authority imposes exposure limits on its approved counterparty list. Diversification of the fund is also achieved by investing in other asset classes such as fixed income, equities and precious metals.

The following tables analyse the Authority's financial assets at the end of reporting period into relevant maturity groupings based on the remaining period to the contractual maturity date:

	No specific maturity B\$'000	Up to 1 mth B\$'000	1-3 mths B\$'000	3-12 mths B\$'000	1-5 years B\$'000	> 5 yrs B\$'000	Total B\$'000
31 December 2013							
<u>Financial assets</u>							
Fixed income	-	-	132	10,621	351,733	456,642	819,128
Government treasury bills	-	-	-	499,767	114,903	-	614,670
Equity	78,573	-	-	-	-	-	78,573
Assets held with IMF	453,543	-	-	-	-	-	453,543
Other assets	26,369	-	-	-	-	-	26,369
Fixed deposits	-	-	-	-	-	-	-
Cash and cash equivalents with banks and other financial institutions	-	1,283,910	993,229	-	-	-	2,277,139
	558,485	1,283,910	993,361	510,388	466,636	456,642	4,269,422
<u>Financial liabilities</u>							
Currency in circulation	1,219,737	-	-	-	-	-	1,219,737
Payable to Government of Brunei Darussalam	56,341	-	-	-	-	-	56,341
Liabilities with IMF	398,258	-	-	-	-	-	398,258
Other liabilities	26,390	-	-	-	-	-	26,390
Deposits and balances of banks and other financial institutions	1,751,190	-	-	-	-	-	1,751,190
	3,451,916	-	-	-	-	-	3,451,916

31 December 2012	No specific maturity B\$'000	Up to 1 mth B\$'000	1-3 mths B\$'000	3-12 mths B\$'000	1-5 years B\$'000	> 5 yrs B\$'000	Total B\$'000
<u>Financial assets</u>							
Fixed income	-	-	-	-	93,549	579,894	673,443
Government treasury bills	-	-	-	214,750	-	-	214,750
Equity	62,189	-	-	-	-	-	62,189
Assets held with IMF	436,455	-	-	-	-	-	436,455
Other assets	25,878	-	-	-	-	-	25,878
Fixed deposits	-	-	-	8,481	-	-	8,481
Cash and cash equivalents with banks and other financial institutions	-	2,136,218	705,507	-	-	-	2,841,725
	524,522	2,136,218	705,507	223,231	93,549	579,894	4,262,921
<u>Financial liabilities</u>							
Currency in circulation	1,627,057	-	-	-	-	-	1,627,057
Payable to Government of Brunei Darussalam	54,190	-	-	-	-	-	54,190
Liabilities with IMF	383,098	-	-	-	-	-	383,098
Other liabilities	25,053	-	-	-	-	-	25,053
Deposits and balances of banks and other financial institutions	1,259,956	-	-	-	-	-	1,259,956
	3,349,354	-	-	-	-	-	3,349,354

Market risk

Market risk is defined as the risk of loss as a result of changes in market risk factors, including prices of securities, interest rates, foreign exchange rates, and credit spreads.

The Authority is exposed to market risk, as a consequence of its operations to deliver its policy objectives in the course of managing the Authority's Statement of Financial Position, principally through changes in the relative interest rates received on its assets and paid on its liabilities. Limited exposure may also be incurred to changes in exchange rates (see below) and to shifts in general market conditions, such as the liquidity of asset markets.

Market risk is managed through regular monitoring of the market risk exposure of the Authority's investments, the diversification of the Authority's investments across different markets and currencies, and the establishment of investment risk tolerance and controls at both the aggregate and individual portfolio levels.

Interest rate risk

Interest rate risk is the risk associated with holding fixed-rate and floating-rate instruments in a changing interest-rate environment. The Authority's Statement of Financial Position and profit is exposed to interest rate risk because most of its assets are financial assets, such as foreign securities and fixed deposits, which have interest income streams. The price of fixed-interest instruments like fixed income will decline when market rates rise, while the price will increase when market rates fall. Interest rate risk will also increase with maturity of a security because the associated income stream is fixed for a longer period.

The Authority has holdings of interest-bearing financial instruments in the form of fixed deposits ranging from 0.01% to 0.46% (2012: 0.04% to 0.58%) and fixed-income bonds ranging from 0.00% to 4.665% (2012: 0.00% to 5.6%).

The maximum duration of the Authority's holding of fixed-income instruments in its investment portfolio as at 31 December 2013 is 28 years (2012: 37 years).

Sensitivity to interest rate risk

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

	Carrying amount 2013 B\$'000	Carrying amount 2012 B\$'000
<u>Financial assets:</u>		
Securities	1,433,798	888,193
Fixed deposits	-	8,481
Cash & cash equivalents	2,062,391	2,252,017
	3,496,189	3,148,691
<u>Financial liabilities</u>	-	-
	-	-

The figures below show the effect on the Authority's fixed and floating rate instruments' interest income of a movement of 10 basis points in interest rates as at 31 December 2013. A change of 10 basis points in interest rates for fixed rate instruments, would result in an increase or decrease of B\$793,374.30 in the Authority's equity and profit or loss. A change of 10 basis points in interest rate for floating rate instruments would increase or decrease the Authority's equity and profit or loss by B\$35,049.35. These figures are generally reflective of the Authority's exposure over the financial year.

Asset	+ 10 b.p. movement B\$'000	- 10 b.p. movement B\$'000
Fixed-rate	(793)	793
Floating-rate	(35)	35

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of the instrument will vary due to changes in currency exchange rates. The Authority holds forward contracts amounting to principal amount of B\$44,312,007 for 2013 (2012: B\$27,243,509) to hedge its exposure to foreign exchange risks.

Any gains or losses of the outstanding forward contracts are recognised in profit or loss.

As at 31 December 2013, the Authority's net exposure to major currencies, in Brunei Dollar terms, is:

	2013 B\$'000	2012 B\$'000
<u>Securities:</u>		
US dollar	58,899	48,826
Euro currency	15,962	11,320
Hong Kong dollar	4,296	9,318
Japanese yen	7,009	3,166
Pound sterling	4,558	3,530
Australian dollar	1,863	2,465
Other currencies	1,713	2,842
	94,300	81,467

Other financial assets and liabilities are denominated in the functional currency.

25. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

As a result, certain line items have been amended in the statement of financial position, statement of profit or loss and other comparative income, statement of cash flows and related notes to the financial statements.

	2012	
	B\$'000 Previously reported	B\$'000 After reclassification
The items were reclassified as follows:		
(a) Statement of financial position:		
<u>Non-current assets</u>		
Securities	950,382	-
<u>Current assets</u>		
Securities	-	950,382
(b) Statement of profit or loss and other comprehensive income:		
Fee and commission income	5,297	-
Other income	243	-
Operating income	-	5,540
(c) Statement of cash flows:		
<u>Cash flow from operating activities:</u>		
<u>(Increase) / decrease in:</u>		
Receivables from Government of Brunei Darussalam	300,000	-
Assets held with IMF	26,446	-
<u>Increase / (decrease) in:</u>		
Payables to Government of Brunei Darussalam	(2,222)	412
Liabilities with IMF	(23,812)	-
<u>Cash flows from financing activities:</u>		
Receivables from Government of Brunei Darussalam	-	300,000
(d) Note 19 Staff Cost		
Allowances	-	1,832
Others staff costs	3,104	1,272
(e) Note 20 Other operating expenses		
Depreciation	1,247	1,247
Consultancy and development expenditure	1,902	-
Other expenses	3,684	5,586

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8. KEY EVENTS AND ACTIVITIES



**BRUNEI DARUSSALAM ISLAMIC INVESTMENT SUMMIT
18-19 JUNE 2013**



**OFFICIAL VISIT OF HIS ROYAL HIGHNESS THE CROWN PRINCE AND SENIOR MINISTER
AT THE PRIME MINISTER'S OFFICE AS CHAIRMAN OF AMBD TO BANK NEGARA MALAYSIA
12 NOVEMBER 2013**

**9TH ASEAN CENTRAL BANK GOVERNORS' MEETING
3 APRIL 2013**



**21ST ASEAN CENTRAL BANK DEPUTIES' MEETING
31 MARCH 2013**



**BILATERAL MEETING WITH MONETARY AUTHORITY OF SINGAPORE
18 JANUARY 2013**



**SIGNING OF
MEMORANDUM OF
UNDERSTANDING
WITH
BANK NEGARA
MALAYSIA
3 APRIL 2013**

**SIGNING OF
MEMORANDUM OF
UNDERSTANDING
WITH SECURITIES
COMMISSION
MALAYSIA
29 OCTOBER 2013**



**SEACEN-DEUTSCHE BUNDESBANK COURSE ON CONSOLIDATED SUPERVISION
19-24 MAY 2013**



**TORONTO CENTRE-AITRI INTERMEDIATE ON-SITE AND
OFF-SITE EXAMINATION WORKSHOP
6-9 MAY 2013**



**VISA ELECTRONIC PAYMENTS WORKSHOP
28 NOVEMBER 2013**



**CELEBRATION OF MAULUD NABI MUHAMMAD SAW 1434H
24 JANUARY 2013**





HARI RAYA CELEBRATION



KHATAM AL - QURAN



BOWLING TEAM



FOOTBALL TEAM

The header features a dark teal background with a repeating geometric pattern of interlocking circles and lines. A central horizontal band is highlighted in a lighter teal color, containing the text '9. ANNEX' in a bold, yellow, sans-serif font. The overall design is symmetrical and modern.

9. ANNEX

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Annex 1: Circulation of Brunei Notes

Denomination	Held by Banks in Brunei	Held by Monetary Authority of Singapore Pending Repatriation	Held Otherwise (Active Circulation)	Gross Circulation
\$1	881,208.00	43,981.00	33,638,851.00	34,564,040.00
\$5	989,110.00	33,955.00	21,552,022.00	22,575,087.00
\$10	9,248,370.00	1,987,430.00	110,342,855.00	121,578,655.00
\$20	578,820.00	3,940.00	10,641,830.00	11,224,590.00
\$25	160,950.00	775.00	8,312,595.50	8,474,320.50
\$50	3,519,050.00	1,136,750.00	35,506,286.00	40,162,086.00
\$100	88,469,000.00	69,602,200.00	392,599,700.00	550,670,900.00
\$500	17,896,000.00	24,610,500.00	152,781,250.00	195,287,750.00
\$1,000	5,944,000.00	10,514,000.00	69,790,500.00	86,248,500.00
\$10,000	17,090,000.00	8,450,000.00	84,820,000.00	110,360,000.00
TOTAL (B\$)	144,776,508.00	116,383,531.00	919,985,889.50	1,181,145,928.50

*As of 31 December 2013

Source: Monetary Operations Department, AMBD

Annex 2: Circulation of Brunei Coins

Denomination	Held by Banks in Brunei	Held Otherwise (Active Circulation)	Gross Circulation
1¢	1,710.76	589,772.72	591,483.48
5¢	4,275.75	2,504,204.15	2,508,479.90
10¢	6,665.50	6,853,442.90	6,860,108.40
20¢	9,839.40	9,256,107.60	9,265,947.00
25¢	0.00	84.00	84.00
50¢	11,483.00	9,467,810.00	9,479,293.00
\$1	0.00	79,617.00	79,617.00
\$2	0.00	8,032.00	8,032.00
\$2.50	0.00	760.00	760.00
\$3	0.00	22,010.00	22,010.00
\$5	0.00	270,160.00	270,160.00
\$10	0.00	329,215.00	329,215.00
\$20	0.00	384,010.00	384,010.00
\$25 (Jubilee)	0.00	198,950.00	198,950.00
\$30	0.00	94,081.00	94,081.00
\$50 (Jubilee)	0.00	498,650.00	498,650.00
\$100	0.00	989,000.00	989,000.00
\$200	0.00	324,000.00	324,000.00
\$250	0.00	249,000.00	249,000.00
\$500	0.00	994,500.00	994,500.00
\$750	0.00	747,750.00	747,750.00
\$1,000	0.00	4,696,000.00	4,696,000.00
TOTAL (B\$)	32,891.72	38,557,156.37	38,591,130.78

*As of 31 December 2013

Source: Monetary Operations Department, AMBD

Annex 3: Brunei Government Sukuk Al-Ijarah Issuance

Year	Series	Issuance Date	Tenor (Days)	Maturity Date	Total	Rental Yield (Percent)
2006	SERIES 1	6-Apr-06	91	6-Jul-06	\$150,000,000	3.400
	SERIES 2	29-Jun-06	91	28-Sep-06	\$150,000,000	3.375
	SERIES 3	13-Jul-06	91	12-Oct-06	\$150,000,000	3.350
	SERIES 4	2-Nov-06	91	1-Feb-07	\$120,000,000	3.375
2007	SERIES 5	15-Feb-07	91	17-May-07	\$ 90,000,000	3.150
	SERIES 6	12-Apr-07	91	12-Jul-07	\$ 70,000,000	2.700
	SERIES 7	21-Jun-07	91	20-Sep-07	\$ 70,000,000	2.275
	SERIES 8	12-Jul-07	364	10-Jul-08	\$ 45,000,000	2.300
	SERIES 9	16-Aug-07	91	15-Nov-07	\$ 80,000,000	2.450
	SERIES 10	25-Oct-07	91	24-Jan-08	\$ 50,000,000	2.275
	SERIES 11	6-Dec-07	91	6-Mar-08	\$ 45,000,000	2.188
2008	SERIES 12	24-Jan-08	364	22-Jan-09	\$ 30,000,000	1.500
	SERIES 13	5-Jun-08	91	4-Sep-08	\$ 40,000,000	0.925
	SERIES 14	19-Jun-08	91	18-Sep-08	\$ 28,000,000	0.880
	SERIES 15	17-Jul-08	91	16-Oct-08	\$ 15,000,000	0.600
	SERIES 16	7-Aug-08	91	6-Nov-08	\$ 9,000,000	0.550
	SERIES 17	21-Aug-08	91	20-Nov-08	\$ 24,000,000	0.750
	SERIES 18	11-Sep-08	91	11-Dec-08	\$ 45,000,000	1.000
	SERIES 19	9-Oct-08	91	8-Jan-09	\$ 35,000,000	1.430
	SERIES 20	23-Oct-08	364	22-Oct-09	\$ 35,000,000	1.150
	SERIES 21	6-Nov-08	91	5-Feb-09	\$ 18,000,000	0.920
	SERIES 22	20-Nov-08	91	19-Feb-09	\$ 35,000,000	0.600
	SERIES 23	18-Dec-08	91	19-Mar-09	\$ 60,000,000	0.650
	2009	SERIES 24	5-Feb-09	91	7-May-09	\$ 31,000,000
SERIES 25		19-Feb-09	91	21-May-09	\$ 60,000,000	0.390
SERIES 26		5-Mar-09	364	4-Mar-10	\$ 11,000,000	0.500
SERIES 27		19-Mar-09	91	18-Jun-09	\$ 63,000,000	0.340
SERIES 28		9-Apr-09	91	9-Jul-09	\$ 25,000,000	0.300
SERIES 29		23-Apr-09	91	23-Jul-09	\$ 30,000,000	0.300
SERIES 30		7-May-09	91	6-Aug-09	\$ 21,000,000	0.300
SERIES 31		21-May-09	91	20-Aug-09	\$ 35,000,000	0.300
SERIES 32		11-Jun-09	91	10-Sep-09	\$ 20,000,000	0.300
SERIES 33		9-Jul-09	91	8-Oct-09	\$ 45,000,000	0.300
SERIES 34		30-Jul-09	364	29-Jul-10	\$ 50,000,000	0.450
SERIES 35		13-Aug-09	91	12-Nov-09	\$ 25,000,000	0.330
SERIES 36		27-Aug-09	91	26-Nov-09	\$ 32,000,000	0.300
SERIES 37		17-Sep-09	91	17-Dec-09	\$ 38,000,000	0.350

Year	Series	Issuance Date	Tenor (Days)	Maturity Date	Total	Rental Yield (Percent)
2009	SERIES 38	8-Oct-09	91	7-Jan-10	\$ 33,000,000	0.360
	SERIES 39	22-Oct-09	91	21-Jan-10	\$ 30,000,000	0.380
	SERIES 40	19-Nov-09	91	18-Feb-10	\$ 25,000,000	0.390
	SERIES 41	3-Dec-09	91	4-Mar-10	\$ 43,000,000	0.390
2010	SERIES 42	25-Mar-10	91	24-Jun-10	\$ 70,000,000	0.380
	SERIES 43	1-Apr-10	91	1-Jul-10	\$ 30,000,000	0.350
	SERIES 44	29-Apr-10	91	29-Jul-10	\$ 25,000,000	0.300
	SERIES 45	20-May-10	91	19-Aug-10	\$ 33,000,000	0.300
	SERIES 46	17-Jun-10	91	16-Sep-10	\$ 70,000,000	0.320
	SERIES 47	1-Jul-10	91	30-Sep-10	\$ 65,000,000	0.300
	SERIES 48	22-Jul-10	91	21-Oct-10	\$ 35,000,000	0.300
	SERIES 49	5-Aug-10	364	4-Aug-11	\$ 65,000,000	0.340
	SERIES 50	19-Aug-10	91	18-Nov-10	\$ 40,000,000	0.280
	SERIES 51	2-Sep-10	91	2-Dec-10	\$ 25,000,000	0.280
	SERIES 52	30-Sep-10	91	30-Dec-10	\$ 48,000,000	0.280
	SERIES 53	14-Oct-10	91	13-Jan-11	\$ 25,000,000	0.280
	SERIES 54	28-Oct-10	91	27-Jan-11	\$ 48,000,000	0.280
	SERIES 55	25-Nov-10	91	24-Feb-11	\$ 35,000,000	0.280
SERIES 56	9-Dec-10	91	10-Mar-11	\$ 35,000,000	0.270	
2011	SERIES 57	21-Apr-11	91	21-Jul-11	\$ 72,000,000	0.280
	SERIES 58	12-May-11	91	11-Aug-11	\$ 85,000,000	0.250
	SERIES 59	9-Jun-11	91	8-Sep-11	\$ 31,000,000	0.200
	SERIES 60	23-Jun-11	91	22-Sep-11	\$ 51,000,000	0.190
	SERIES 61	7-Jul-11	91	6-Oct-11	\$ 71,000,000	0.200
	SERIES 62	11-Aug-11	364	9-Aug-12	\$ 96,000,000	0.350
	SERIES 63	25-Aug-11	91	24-Nov-11	\$ 85,000,000	0.100
	SERIES 64	22-Sep-11	91	22-Dec-11	\$100,000,000	0.150
	SERIES 65	13-Oct-11	91	12-Jan-12	\$100,000,000	0.100
	SERIES 66	3-Nov-11	91	2-Feb-12	\$100,000,000	0.175
	SERIES 67	17-Nov-11	91	16-Feb-12	\$100,000,000	0.180
SERIES 68	8-Dec-11	91	8-Mar-12	\$100,000,000	0.170	
2012	SERIES 69	8-Mar-12	91	7-Jun-12	\$100,000,000	0.200
	SERIES 70	22-Mar-12	91	21-Jun-12	\$100,000,000	0.200
	SERIES 71	12-Apr-12	91	12-Jul-12	\$100,000,000	0.200
	SERIES 72	26-Apr-12	91	26-Jul-12	\$100,000,000	0.180
	SERIES 73	17-May-12	91	16-Aug-12	\$100,000,000	0.180
	SERIES 74	7-Jun-12	91	6-Sep-12	\$100,000,000	0.180
	SERIES 75	28-Jun-12	91	27-Sep-12	\$100,000,000	0.200
	SERIES 76	12-Jul-12	91	11-Oct-12	\$100,000,000	0.180

Year	Series	Issuance Date	Tenor (Days)	Maturity Date	Total	Rental Yield (Percent)
2012	SERIES 77	2- Aug -12	91	1- Nov -12	\$100,000,000	0.180
	SERIES 78	16- Aug -12	364	15- Aug -13	\$100,000,000	0.280
	SERIES 79	20-Sep-12	91	20-Dec-12	\$100,000,000	0.180
	SERIES 80	11-Oct-12	91	10-Jan-13	\$100,000,000	0.160
	SERIES 81	1- Nov -12	91	31-Jan-13	\$100,000,000	0.160
	SERIES 82	22- Nov -12	91	21-Feb-13	\$100,000,000	0.160
	SERIES 83	6-Dec-12	91	7-Mar-13	\$100,000,000	0.160
2013	SERIES 84	21-Feb-13	91	23-May-13	\$100,000,000	0.180
	SERIES 85	14-Mar-13	91	13-Jun-13	\$100,000,000	0.160
	SERIES 86	28-Mar-13	91	27-Jun-13	\$100,000,000	0.160
	SERIES 87	18-Apr-13	91	18-Jul-13	\$ 96,000,000	0.150
	SERIES 88	2-May-13	91	1-Aug-13	\$ 83,000,000	0.210
	SERIES 89	16-May-13	91	15-Aug-13	\$100,000,000	0.210
	SERIES 90	7-Jun-13	91	6-Sep-13	\$100,000,000	0.220
	SERIES 91	27-Jun-13	91	26-Sep-13	\$100,000,000	0.160
	SERIES 92	18-Jul-13	364	17-Jul-14	\$100,000,000	0.200
	SERIES 93	1-Aug-13	91	31-Oct-13	\$100,000,000	0.160
	SERIES 94	22-Aug-13	91	21-Nov-13	\$100,000,000	0.160
	SERIES 95	12-Sep-13	91	12-Dec-13	\$100,000,000	0.140
	SERIES 96	10-Oct-13	273	10-Jul-14	\$100,000,000	0.200
	SERIES 97	14-Nov-13	91	13-Feb-14	\$100,000,000	0.150
	SERIES 98	21-Nov-13	273	21-Aug-14	\$100,000,000	0.190
	SERIES 99	19-Dec-13	182	19-Jun-14	\$100,000,000	0.180
TOTAL (B\$)					\$6,730,000,000	

Source: Monetary Policy and Management Department, AMBD

Annex 4: Central Bank Survey

<i>Millions of Brunei Dollars</i>	2011	2012	2013
Net Foreign Assets	2,697.55	3,632.27	3,875.44
Claims On Nonresidents	3,124.40	4,034.75	4,292.43
Liabilities To Nonresidents	-426.86	-402.48	-416.99
Claims on Other Depository Corporations	850.22	423.46	193.75
Net Claims On Central Government	138.18	-69.52	-56.96
Claims On Central Government	300.77	0.80	1.09
Liabilities To Central Government	-162.59	-70.32	-58.01
Claims On Other Sectors	0.00	0.00	0.00
Claims On Other Financial Corporations	0.00	0.00	0.00
Claims On State and Local Government	0.00	0.00	0.00
Claims On Public Nonfinancial Corporations	0.00	0.00	0.00
Claims on Private Sector	0.00	0.00	0.00
Monetary Base	2,665.48	2,887.01	2,970.92
Currency In Circulation	1,689.99	1,627.05	1,219.74
Liabilities To Other Depository Corporations	975.49	1,259.96	1,751.19
Liabilities To Other Sectors	0.000	0.00	0.00
Other Liabilities To Other Depository Corporations	0.00	1.13	1.32
Deposits and Securities Other Than Shares Excluded From Monetary Base	0.00	0.00	0.00
Deposits Included In Broad Money	0.00	0.00	0.00
Securities Other Than Shares Included In Broad	0.00	0.00	0.00
Deposits Excluded From Broad Money	0.00	0.00	0.00
Securities Other Than Shares Excluded From Broad Money	0.00	0.00	0.00
Loans	0.00	0.00	0.00
Financial Derivatives	0.00	0.00	0.00
Shares and Other Equity	1,045.44	1,159.49	1,070.28
Other Items (Net)	-24.97	-61.42	-30.28

Source: Monetary Policy and Management Department, AMBD

Note: Central Bank refers to Autoriti Monetari Brunei Darussalam

Annex 5: Other Depository Corporations Survey

<i>Millions of Brunei Dollars</i>	2011	2012	2013
Net Foreign Assets	12,897.32	11,227.44	10,172.08
Claims On Nonresidents	13,098.10	11,428.60	10,319.39
Liabilities To Nonresidents	-200.78	-201.16	-147.31
Claims on Central Bank	1,833.58	1,960.87	1,991.75
Currency	858.93	701.03	242.21
Reserve Deposits And Securities Other than Shares	974.65	1,259.84	1,749.54
Other Claims On Central Bank	0.00	0.00	0.00
Net Claims On Central Government	-5,120.41	-3,917.50	-3,101.46
Claims On Central Government	495.66	499.68	499.62
Liabilities To Central Government	-5,616.06	-4,417.18	-3,601.08
Claims On Other Sectors	6,711.97	6,864.02	7,540.66
Claims On Other Financial Corporations	108.73	59.98	220.44
Claims On State and Local Government	0.00	0.00	0.00
Claims On Public Nonfinancial Corporations	107.92	194.05	320.17
Claims On Private Sector	6,495.33	6,609.99	7,000.04
Liabilities To Central Bank	700.22	322.89	425.81
Transferable Deposits Included In Broad Money	3,402.43	3,367.36	3,487.06
Other Deposits Included in Broad Money	9,603.70	9,668.21	9,701.73
Securities Other Than Shares Included in Broad Money	0.00	0.00	0.00
Deposits Excluded From Broad Money	0.00	0.00	0.00
Securities Other Than Shares Excluded From Broad Money	0.00	0.00	0.00
Loans	0.00	0.00	0.00
Financial Derivatives	0.00	0.00	0.00
Insurance Technical Reserves	0.00	0.00	0.00
Shares and Other Equity	2,073.25	2,184.24	2,348.96
Other Items (Net)	542.88	592.13	639.48

Source: Monetary Policy and Management Department, AMBD

Note: Other Depository Corporations consist of deposit-taking institutions including commercial banks, finance companies, and an Islamic trust fund

Annex 6: Depository Corporations Survey

<i>Millions of Brunei Dollars</i>	2011	2012	2013
Net Foreign Assets	15,594.87	14,859.71	14,047.52
Claims On Nonresidents	16,222.51	15,463.34	14,611.82
Liabilities To Nonresidents	-627.63	-603.63	-564.30
Domestic Claims	1,729.75	2,877.00	4,382.24
Net Claims On Central Government	-4,982.22	-3,987.02	-3,158.41
Claims On Central Government	796.43	500.48	500.71
Liabilities To Central Government	-5,778.65	-4,487.50	-3,659.13
Claims On Other Sectors	6,711.97	6,864.02	7,540.66
Claims On Other Financial Corporations	108.73	59.98	220.44
Claims On State And Local Government	0.00	0.00	0.00
Claims On Public Nonfinancial Corporations	107.92	194.05	320.17
Claims On Private Sector	6,495.33	6,609.99	7,000.04
Broad Money Liabilities	13,837.19	13,961.59	14,166.31
Currency Outside Depository Corporations	831.06	926.02	977.52
Transferable Deposits	3,402.43	3,367.36	3,487.06
Other Deposits	9,603.70	9,668.21	9,701.73
Securities Other Than Shares	0.00	0.00	0.00
Deposits Excluded From Broad Money	0.00	0.00	0.00
Securities Other Than Shares Excluded From Broad Money	0.00	0.00	0.00
Loans	0.00	0.00	0.00
Financial Derivatives	0.00	0.00	0.00
Insurance Technical Reserves	0.00	0.00	0.00
Shares and Other Equity	3,118.69	3,343.73	3,419.24
Other Items (Net)	368.75	431.39	844.22

Source: Monetary Policy and Management Department, AMBD

Note: Depository Corporations consist of Central Bank and Other Depository Corporations

Annex 7: Other Financial Corporations Survey

<i>Millions of Brunei Dollars</i>	2011	2012	2013
Net Foreign Assets	735.31	751.76	824.70
Claims On Nonresidents	752.43	772.63	843.09
Liabilities To Nonresidents	-17.12	-20.88	-18.40
Claims On Other Depository Corporations	265.15	301.32	337.93
Net Claims On Central Government	-10.64	-10.92	-23.54
Claims On Central Government	10.89	12.26	2.99
Liabilities To Central Government	-21.53	-23.17	-26.53
Claims On Other Sectors	58.44	54.97	53.53
Claims On State and Local Government	0.00	0.00	0.00
Claims On Public Nonfinancial Corporations	0.86	2.18	1.38
Claims on Private Sector	57.58	52.79	52.15
Deposits	0.00	0.00	0.00
Securities Other Than Shares	0.00	0.00	0.00
Loans	73.09	76.07	75.56
Financial Derivatives	0.00	0.00	0.00
Insurance Technical Reserves	558.94	598.66	649.94
Shares and Other Equity	391.39	408.29	451.67
Other Items (Net)	24.85	14.11	15.45

Source: Monetary Policy and Management Department, AMBD

Note: Other Financial Corporations consist of insurance companies. It excludes pension funds, securities companies, assets management companies, offshore financial institutions, money remittance companies, and money companies

Annex 8: Financial Corporations Survey

<i>Millions of Brunei Dollars</i>	2011	2012	2013
Net Foreign Assets	16,330.18	15,611.21	14,872.22
Claims On Nonresidents	16,974.94	16,235.97	15,454.91
Liabilities To Nonresidents	-644.75	-624.76	-582.69
Domestic Claims	1,668.82	2,861.07	4,191.79
Net Claims On Central Government	-4,992.86	-3,997.93	-3,181.95
Claims On Central Government	807.32	512.74	503.71
Liabilities To Central Government	-5,800.18	-4,510.67	-3,685.66
Claims On Other Sectors	6,681.68	6,859.01	7,373.74
Claims On State and Local Government	0.00	0.00	0.00
Claims On Public Nonfinancial Corporations	108.78	196.23	321.55
Claims On Private Sector	6,552.91	6,662.78	7,052.19
Currency Outside Financial Corporations	828.89	922.66	975.89
Deposits	12,826.30	12,858.09	12,965.75
Securities Other Than Shares	0.00	0.00	0.00
Loans	72.37	75.56	75.56
Financial Derivatives	0.00	0.00	0.00
Insurance Technical Reserves	558.78	598.25	649.70
Shares and Other Equity	3,510.08	3,752.02	3,870.91
Other Items (Net)	202.58	265.70	526.22

Source: Monetary Policy and Management Department, AMBD

Note: Financial Corporations consist of Depository Corporations and Other Financial Corporations

Annex 9: Monetary Aggregates and Broad Money Components			
<i>Millions of Brunei Dollars</i>	2011	2012	2013
Monetary Aggregates			
M0	1,689.99	1,627.05	1,219.4
Money	4,233.49	4,293.38	4,464.58
Quasi Money	9,603.70	9,668.21	9,701.73
Broad Money	13,837.19	13,961.59	14,166.31
Broad Money Components			
Currency Outside Banks	831.06	926.02	977.52
Demand Deposits	3,402.43	3,367.36	3,487.06
Money	4,233.49	4,293.38	4,464.58
Fixed Deposits, Savings & Other Deposits	9,603.70	9,668.21	9,701.73

Source: Monetary Policy and Management Department, AMBD

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