

AMB



اوتوريٲى مونيتاري بروني دارالسلام

AUTORITI MONETARI BRUNEI DARUSSALAM

ANNUAL REPORT

2011



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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*



بسم الله الرحمن الرحيم  
السلام عليكم ورحمة الله وبركاته  
الحمد لله رب العالمين،  
والصلاة والسلام على أشرف المرسلين،  
سيدنا محمد وعلى آله وصحبه أجمعين، وبعد

Alhamdulillah, I am pleased to say a few words on the inaugural publication of Autoriti Monetari Brunei Darussalam's (AMBD) Annual Report.

At the outset, I would like to express gratitude to His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam for the vision and consent in the establishment of AMBD. The formation of AMBD on 1 January 2011 marks a very important milestone in the development of the financial sector in Brunei Darussalam. The establishment is timely and would certainly provide further impetus towards national efforts in achieving Brunei Darussalam's National Vision 2035.

The current uncertainties and challenges faced by the global economy have underlined the importance of maintaining domestic economic stability. Ensuring and sustaining monetary and financial stability are AMBD's core mandate as a central bank. Alhamdulillah, in spite of the uncertainties and challenges, Brunei Darussalam's monetary discipline and prudent fiscal policy coupled with sound financial supervision have largely provided the flexibility to deal with potential disruptions to domestic economic stability.

As a newly established autonomous monetary authority, AMBD will continue to be steadfast in discharging its responsibility as stipulated in the Autoriti Monetari Brunei Darussalam Order, 2010. Building on the existing foundation and capacity, AMBD will strive to become an institution of high repute and integrity, consistent with its role as a regulator to financial institutions in safeguarding the interest of the general public.

At this juncture, I would like to acknowledge the contribution of those involved in the realization of the establishment of AMBD. The commitment and dedication of the senior management, officers and staff of the Ministry of Finance have been key in this initiative. I would like to thank various government agencies and other stakeholders for their continuous support and cooperation. Our sincere appreciation also goes to the international financial institutions, in particular the International Monetary Fund, and other central banks for their kind assistance.

Last but not least, I would like to thank the Board of Directors, management and staff of AMBD for their invaluable contribution to the steady progress achieved by our institution. I look forward for us to continue to make Brunei Darussalam a significant player in the global financial area.

With this, it is my pleasure to present the AMBD Annual Report 2011.

وبالله التوفيق والهداية، والسلام عليكم ورحمة الله وبركاته

## Foreword by Managing Director

### بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

First and foremost, we wish to convey our profound gratitude to His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam for the consent to the establishment of a monetary authority, Autoriti Monetari Brunei Darussalam (AMBD), which was announced during His Majesty's 64th birthday celebration on 15 July 2010. Following this, the Autoriti Monetari Brunei Darussalam Order, 2010 was enacted on 1 January 2011. As stipulated in the Order, AMBD acts as the central bank of Brunei Darussalam with the core mandate of preserving Brunei Darussalam's monetary and financial stability.

2011 was a transition year for AMBD. With its establishment, all the core central banking functions previously undertaken by the Ministry of Finance now rest with AMBD. With the grace and wisdom of His Royal Highness the Crown Prince and Senior Minister at the Prime Minister's Office as Chairman of AMBD in providing leadership to AMBD, the Authority has continued to perform these core functions effectively, amidst the global economic uncertainties as well as the challenges in building a new organization.

In the area of monetary policy, AMBD continues to adopt the Currency Board System. Within this framework, the Currency Interchangeability Agreement (CIA) which was signed with the Republic of Singapore in 1967 remains in effect. These arrangements have provided a strong underpinning to the macroeconomic stability of Brunei Darussalam.

One of the major highlights for AMBD in 2011 was the issuance of new polymer notes in conjunction with the 65th birthday of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam. This issuance

signifies the continuous effort by AMBD to improve the quality and enhance the security features of Brunei currency notes following the first issuance of polymer notes in 1996.

As the regulator of financial institutions in Brunei Darussalam, AMBD continues to implement prudent regulation and exercise close supervision of the financial institutions, consistent with international best regulatory practices. The financial sector remains sound, well capitalised, highly liquid and profitable, despite the current global financial turmoil. AMBD will continue to take appropriate measures to maintain monetary and financial resilience, as well as to promote further, the development of the financial sector. A major initiative undertaken by AMBD in its maiden year of establishment was the implementation of the credit bureau project. The credit bureau began operations in the second half of 2012. AMBD also embarked on the preliminary work for the establishment of the national payment and settlement systems.

It is my hope that this report will be a useful source of information and reference for readers and provide a deeper insight regarding Brunei Darussalam's monetary and financial policy.

Finally and importantly, I would like to convey my deepest gratitude and special thanks to His Royal Highness the Chairman and to the Board of Directors of AMBD for their gracious guidance and advice. I also wish to express my sincere appreciation to all AMBD officers and staff for their contribution, dedication and hard work.

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

# Members of the Board of Directors

In accordance with section 12 of the Autoriti Monetari Brunei Darussalam Order, 2010, His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam has consented to the appointment of AMBD board members as follows:



*Chairman*

**His Royal Highness Prince Haji Al-Muhtadee Billah ibni  
His Majesty Sultan Haji Hassanal Bolkiah Mu'izzadin 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 Mulia Dato Seri  
Setia Haji Awang  
Metussin bin Haji Baki  
*Sharia High Court Judge*



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



Yang Mulia Dayang  
Naimah binti Md. Ali  
*Solicitor General  
Attorney General's Chambers*



Yang Mulia Dato Paduka  
Dr Awang Haji Ismail bin  
Haji Duraman  
*Executive Director of Centre  
for Strategic and Policy  
Studies (CSPS)*



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

**Note:**

1. Yang Mulia Dato Paduka Awang Haji Mohd Roselan bin Haji Mohd Daud, served as a member of the Board from 1 January 2011 to 5 October 2011.
2. Yang Mulia Awang Haji Shahbudin bin Haji Musa, served as a member of the Board from 6 October 2011 to 28 February 2012.
3. Yang Mulia Datin Paduka Dayang Magdelene Chong, served as a member of the Board from 1 January 2011 to 27 December 2011.
4. Yang Mulia Dato Paduka Haji Hisham bin Haji Mohd Hanifah was appointed as a member of the Board on 29 February 2012.
5. Yang Mulia Dayang Naimah binti Md. Ali was appointed as a member of the Board on 18 September 2012.

## Audit Committee

### Chairman

**Yang Mulia Dato Paduka Dr Awang Haji Ismail bin Haji Duraman**

*Executive Director of Centre for Strategic and Policy Studies (CSPS)*

### Members

- i) **Yang Mulia Awang Haji Azhar bin Haji Ahmad**  
*Deputy Permanent Secretary at the Ministry of Defence*
- ii) **Yang Mulia Pengiran Hj Abd Rajak bin Pengiran Abdul Wahap**  
*Accountant General, Treasury Department, Ministry of Finance*

### Secretary

Internal Audit Unit, AMBD

## Investment Advisory Committee

### Chairman

**Yang Mulia Dato Paduka 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 (Monetary Operations), AMBD*

- iv) **Yang Mulia Awang Haji Abdul Razak bin Hasbullah**  
*Deputy Director, Head of Operations Division, Brunei Investment Agency*

## Secretary

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

## Management Team

1. **Yang Mulia Dato Paduka Awang Haji Mohd Rosli bin Haji Sabtu**  
*Managing Director*
2. **Yang Mulia Awang Chong Fu Li**  
*Deputy Managing Director (Regulatory)*
3. **Yang Mulia Awang Haji Adi Marhain bin Haji Leman**  
*Assistant Managing Director (Monetary Operations)*
4. **Yang Mulia Awang Md Yassin bin Haji Bini**  
*Executive Director (Currency Management, Mint and Currency Design/Gallery)*
5. **Yang Mulia Dayang Hajah Sufinah binti Haji Sahat**  
*Executive Director (Corporate Services)*
6. **Yang Mulia Awang Haji Aidil Bahrin bin DSLJ Haji Mohd Salleh**  
*Executive Director (Development)*
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 @ Hajah Siti Norihsan binti Haji Abdul Ghafor**  
*Principal Counsel (Corporate and Legal Affairs)*

## Management Team



From left to right : Dyg Hjhh Nurailia Hj Abd Rahim, Dyg Hjhh Rashidah Hj Sabtu, Awg Hj Aidil Bahrain DSLJ Hj Mohd Salleh, Awg Md Yassin Hj Bini, Awg Chong Fu Li, Dato Paduka Awg Hj Mohd Rosli bin Hj Sabtu (Managing Director), Awg Hj Adi Marhain Hj Leman, Dyg Hjhh Sufinah Hj Sahat, Awg Mardini Hj Eddie, Dyg Hjhh Mahani Hj Mohsin, Dyg Hjhh Siti Norishan Hj Abd Ghafor.

# 1. BACKGROUND

## 1.1 THE ESTABLISHMENT OF AMBD

By command of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam, the Autoriti Monetari Brunei Darussalam Order, 2010 became effective on 1 January 2011. The Autoriti Monetari Brunei Darussalam Order, 2010 provides for the establishment of AMBD, its Board and matters connected to the objectives, operations, administration, functions, powers and duties of AMBD that include relations between AMBD and the Government; relations between AMBD and the banks and other financial institutions; and consequential and related amendments to other written laws that govern the activities supervised by AMBD.

AMBD is a body corporate that acts as the central bank of Brunei Darussalam, which undertakes several core functions including the formulation and implementation of monetary policies, the regulation and supervision of financial institutions as well as currency management. AMBD is an amalgamation of four divisions from the Ministry of Finance:

- i) The Financial Institutions Division (FID) that supervised financial institutions;
- ii) The Brunei Currency and Monetary Board (BCMB) that issued and managed currency and coins;
- iii) The Brunei International Financial Centre (BIFC) that was responsible for developing Brunei Darussalam as an International Financial Centre; and
- iv) Part of the Research and International Division (RID) focusing on research and international matters.

In line with the introduction of the Autoriti Monetari Brunei Darussalam Order, 2010, His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam had also consented to the amendment of the Currency and Monetary Order, 2004, cited as Currency and Monetary (Amendment) Order, 2010, which came into effect on 1 January 2011.

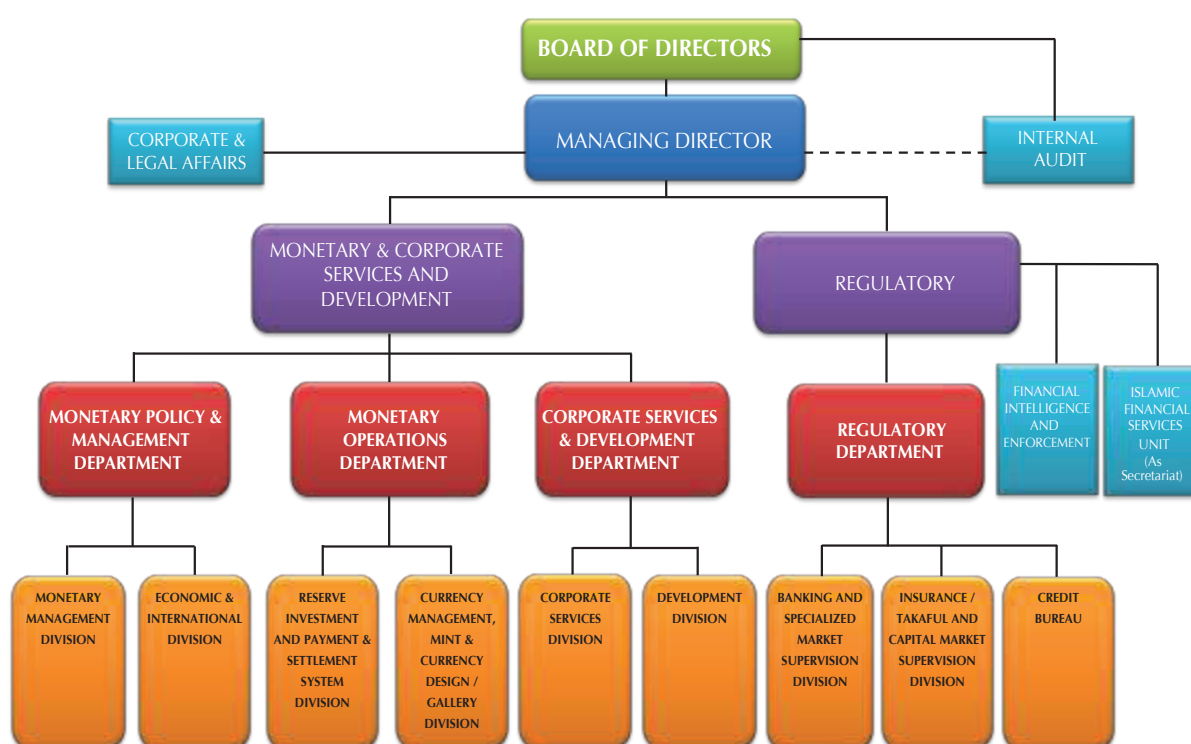
The Currency and Monetary Order (Amendment) Order, 2010, amongst other things, provides for the transfer of the powers from BCMB to AMBD, including its assets and liabilities. In addition, this Order also provides for the establishment of the Currency Fund for the purpose of currency management. Following this, AMBD is the sole authority for the issuance of Brunei currency notes and coins.

The Currency Interchangeability Agreement (CIA), between Brunei Darussalam and the Republic of Singapore signed on 12 June 1967, continues to remain in effect. Under the agreement, both countries agree to the mutual exchange of each other's currency at par without charge and the currencies are customary tender in both countries. The monetary policy framework in Brunei Darussalam is based on an exchange rate anchor with the Singapore Dollar through a currency board arrangement.

## 1.2 ORGANISATION STRUCTURE

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

**Chart 1: Organisation Chart**



## 1.3 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.

## 2. GLOBAL ECONOMIC REVIEW

The global economy continued along the path to recovery, albeit at a slower pace, with average growth of 3.9 percent in 2011 compared to 5.1 percent in 2010. Despite positive growth in personal consumption and private investment, the recovery in the United States and in the Euro Area remained weak due to higher commodity prices, supply disruptions and renewed financial instability in the Eurozone.

The United States economy registered a modest growth of 1.8 percent in 2011 compared to growth of 2.4 percent in the previous year. The unemployment rate at the end of 2011 was at 8.5 percent, the lowest since March 2009. The US Federal Open Market Committee (FOMC) still maintained its overnight target range at 0 to 25 basis points, with the view that resource utilisation and inflation rates were low and there was no evidence of inflationary pressure.

The Eurozone economy grew by 1.4 percent, slightly lower than the 2.0 percent in 2010. The European Central Bank (ECB) reduced its overnight rate by 25 basis points to 1.0 percent in December 2011.

In Asia, China has overtaken Japan as the world's second largest economy by total GDP. However, China's growth was at 9.2 percent in 2011 compared to the 10.4 percent growth in 2010. This was due to weaker external demand as the economy in the developed countries slowed resulting from the European Sovereign Debt Crisis coupled with the cooling down of the domestic property market.

The Japanese economy contracted by 0.8 percent in 2011 due to the aftermath of the March earthquake, strong yen and weak global growth. Consumer prices fell by 0.3 percent in 2011 and the resulting deflationary pressure compelled the Bank of Japan to maintain its overnight interest rate unchanged at around 0.1 percent.

The Singapore economy grew by 4.9 percent in 2011 following the 14.8 percent growth rebound in 2010. Average manufacturing growth slowed from 29.7 percent in 2010 to 7.8 percent in 2011. Meanwhile, non-oil exports rose by 9.0 percent year-on-year in December 2011 supported by the increase in pharmaceutical shipments which countered the drop in electronics exports. Average inflation for 2011 was 5.2 percent as a result of higher transport and accommodation costs.

Moving forward, several likely events could pose threat to the global economic recovery in 2012 onwards which include the increasing prices of commodities, oil supply disruptions, and the widespread negative spill-overs of the Eurozone Sovereign Debt Crisis.



### 3. ECONOMY OF BRUNEI DARUSSALAM

Real Gross Domestic Product (GDP) in 2011 rose by 2.2 percent year-on-year to B\$12,108.1 million. The contribution of the Oil and Gas sector was roughly the same as the previous year at 45.8 percent and the non-Oil and Gas sector contributed 54.2 percent.

The Oil and Gas sector saw a slight increase of 0.7 percent to B\$5,542.5 million. The non-Oil and Gas sector reported higher increase of 3.5 percent to B\$6,565.6 million in 2011 and this growth was mainly driven by the expansion in Private Services at 6.9 percent, Transport & Communication at 4.6 percent and Trade at 4.9 percent.

The inflation rate for 2011 was 2.0 percent, an increase of 1.6 percentage points from the previous year. The higher inflation was due to the rise in the price index for certain goods and services, in particular Tobacco (93.4 percent), Miscellaneous Goods and Services (6.4 percent) and Food and Non-Alcoholic Beverages (3.5 percent). The surge in Tobacco price index was the direct result of the increase in the excise duty on tobacco effective 1 November 2010.

Exports in 2011 expanded by 29.1 percent to reach B\$15,648.1 million compared to B\$12,117.6 million in the preceding year. This was largely due to the 30.2 percent higher crude oil exports and 29.4 percent higher liquefied natural gas exports. Imports rose by 10.4 percent to B\$3,697.8 million from B\$3,349.3 million recorded in 2010. The significant components of imports remain to be Manufactured Goods at 23.2 percent and food at 15.1 percent.

As at the end of 2011, the exchange rate of the Brunei Dollar to the US Dollar was B\$1.3007 to US\$1.00, compared to the rate of B\$1.2875 to US\$1.00 at the end of 2010. This shows a depreciation of the Brunei Dollar by 1.0 percent. Against the currencies of other major trading partners, for end of 2011, the Brunei Dollar strengthened against Malaysian Ringgit by 2.0 percent, Thai Baht by 4.0 percent and Korean Won by 1.5 percent but it was weaker against Yen by 6.2 percent as compared to the same period in 2010.

Overall for 2011, the impact of the global economic slowdown to Brunei Darussalam's economy has been minimal. The financial sector remained highly liquid, well capitalised, and profitable. Nonetheless, Brunei Darussalam oil-exporting economy is susceptible to changes in the global prices of oil and gas as well as the movement of the Brunei Dollar exchange rate against the US Dollar.

Table 1: Economy of Brunei Darussalam

Items	2010		2011		Percentage change
	Amount B\$ million	Market share (Percent)	Amount B\$ million	Market share (Percent)	
<b>Real Gross Domestic Product</b>	<b>11,846.5</b>		<b>12,108.1</b>		<b>2.2</b>
Oil & Gas Sector	5,504.6	46.5	5,542.5	45.8	0.7
Non-Oil & Gas Sector	6,341.9	53.5	6,565.6	54.2	3.5
<b>Exports</b>	<b>12,117.6</b>		<b>15,648.1</b>		<b>29.1</b>
Crude Petroleum	6,112.2	50.4	7,957.0	50.8	30.2
Natural Gas	5,415.5	44.7	7,006.4	44.8	29.4
Garments	8.2	0.07	6.3	0.04	-23.2
Others	581.7	4.83	678.4	4.36	16.6
<b>Imports</b>	<b>3,349.3</b>		<b>3,697.8</b>		<b>10.4</b>
Food	493.7	14.7	559.9	15.1	13.4
Chemicals	305.4	9.1	293.1	7.9	-4.0
Manufactured Goods	685.8	20.5	857.4	23.2	25.0
Machinery and Transport Equipments	1,158.8	34.6	1,131.0	30.6	-2.4
Miscellaneous Manufactured Articles	366.9	11.0	331.7	9.0	-9.6
Others	338.7	10.1	524.7	14.2	54.9
<b>Total Trade</b>	<b>16,096.9</b>		<b>19,345.9</b>		<b>20.2</b>
<b>Consumer Price Index</b>	<b>104.8</b>		<b>106.9</b>		<b>2.0</b>
<b>Exchange Rate</b>	<b>2010</b>		<b>2011</b>		<b>Percentage change<sup>1</sup></b>
B\$/unit of US Dollar	1.2875		1.3007		+1.0
B\$/100 units of Japanese Yen	1.5798		1.6777		+6.2
B\$/100 units of Korean Won	0.1141		0.1124		-1.5
B\$/100 units of Malaysian Ringgit	41.75		40.94		-2.0
B\$/100 units of Thai Baht	4.2703		4.0980		-4.0

Source: Department of Economic Planning and Development, Prime Minister's Office and Bloomberg

<sup>1</sup>Negative sign denotes appreciation of the Brunei Dollar and positive sign means depreciation of the Brunei Dollar against the foreign currencies.

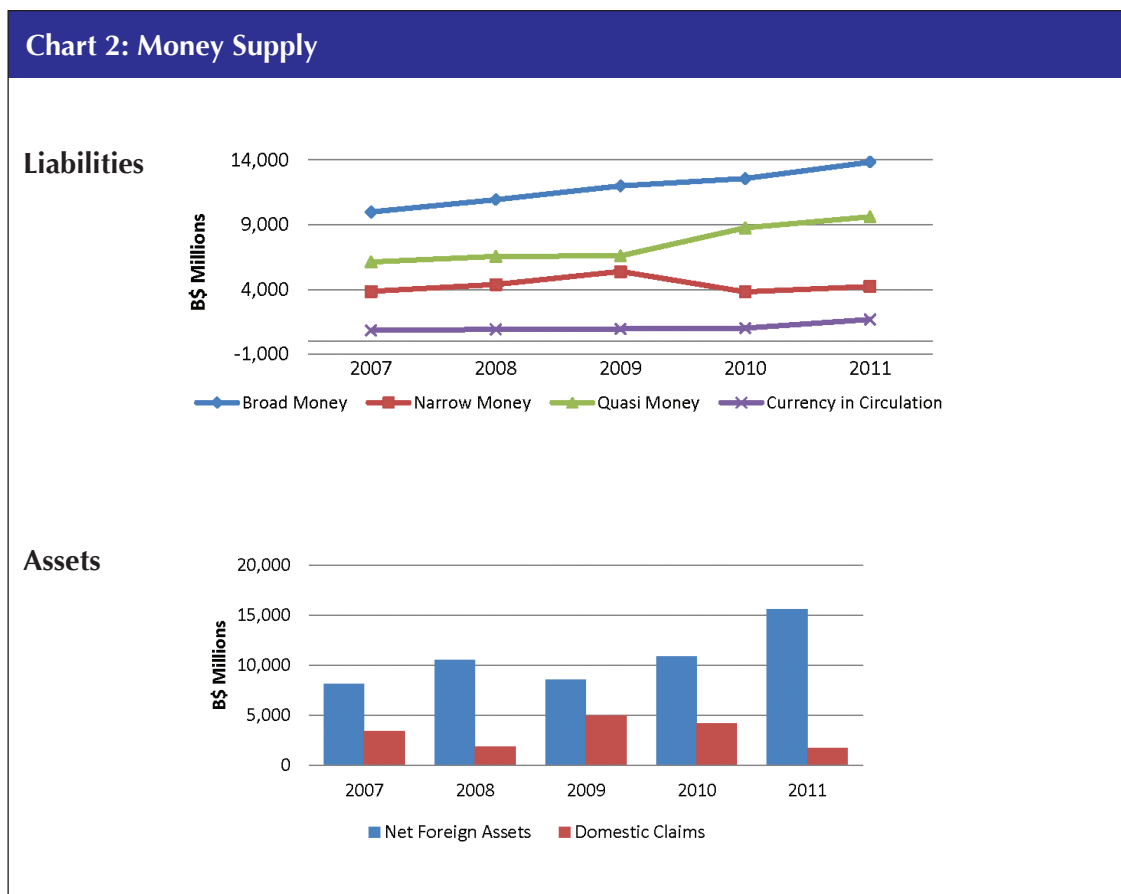
## 4. MONETARY AND FINANCIAL SECTOR DEVELOPMENT

### 4.1 MONETARY SECTOR

#### MONEY SUPPLY

Broad money<sup>2</sup> (M2) grew by 10.0 percent (year-on-year) in 2011 to B\$13,836.2 million. Narrow money<sup>3</sup> (M1) stood at B\$4,232.5 million, reflecting an increase of 10.9 percent over the previous year. Quasi money<sup>4</sup> also expanded, by 9.7 percent to stand at B\$9,603.7 million.

As displayed in Chart 2, net foreign assets of the Depository Corporations in 2011 increased 42.7 percent year-on-year to B\$15,603 million. Domestic claims stood at B\$1,729.7 million, reflecting a decline of 58.8 percent due to a substantial increase in Government deposits and a decline in Claims on private sector by 5 percent.



Source: Autoriti Monetari Brunei Darussalam

<sup>2</sup>Broad money is referring to Narrow Money plus Quasi Money.

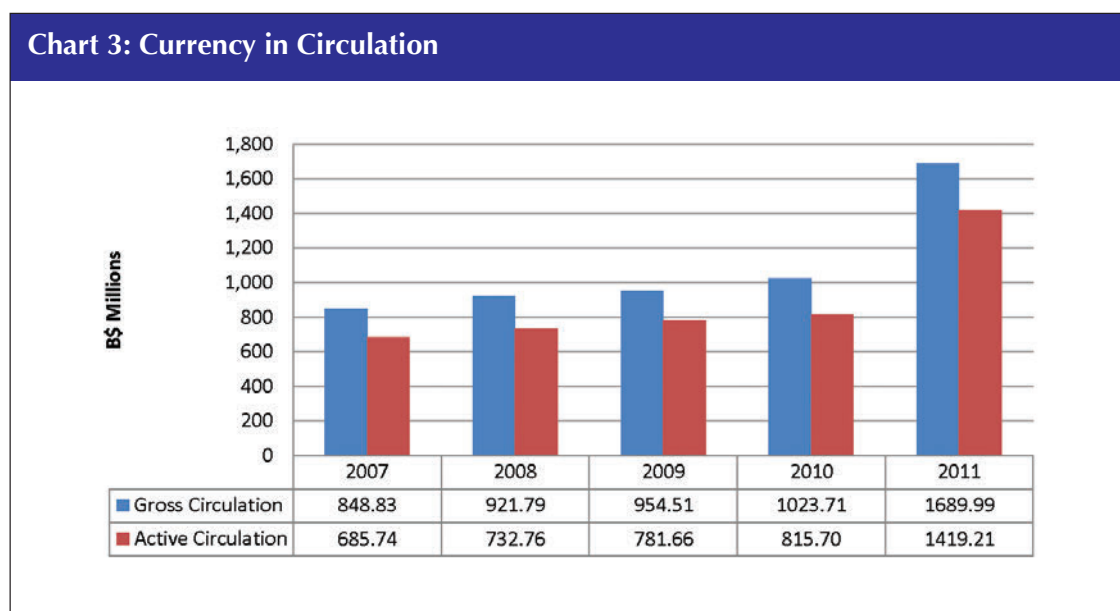
<sup>3</sup>Narrow money is referring to Currency in Circulation plus Demand Deposits of Private Sector.

<sup>4</sup>Quasi money is referring to Fixed Deposits plus Savings & Other Deposits.

## Currency in Circulation

As shown in Chart 3, gross currency in circulation as at end of 2011 stood at B\$1,689.9 million, an increase of B\$666.2 million or 65.1 percent compared to 2010. The significant increase was contributed by the banks' compliance with the Asset Maintenance Requirement (AMR) under the Deposit Protection Order, 2010. The total active circulation<sup>5</sup> of currency reached B\$1,419.2 million showing an increase of B\$603.5 million or 74.0 percent compared to 2010.

The Currency and Monetary (Amendment) Order, 2010 requires the currency in circulation to be 100 percent backed up by external assets. As such, the external assets for the currency back-up stood at B\$1,826.36 million as at end of 2011, providing 108.1 percent coverage to the currency in circulation.



Source: Monetary Operations Department, AMBD

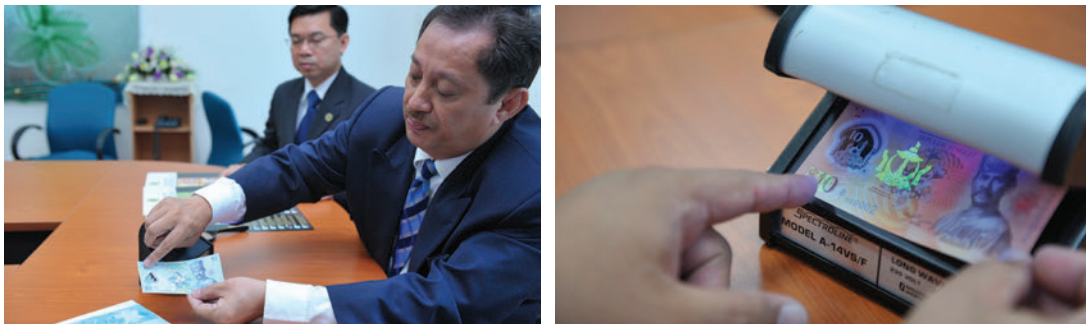
<sup>5</sup>Active Circulation does not include commemorative coins, cash holdings of commercial banks in Brunei, and Brunei currency held by MAS pending repatriation.

### Box 1: Issuance of new \$1, \$5, and \$10 polymer notes

AMBD issued new \$1, \$5 and \$10 polymer notes on 18 July 2011. The issuance of the new polymer notes is in conjunction with the 65th Birthday of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam.

These new polymer notes contain, among others, the following security features:-

- Sultan Omar Ali Saifuddien mosque and the ceremonial barge form the complex clear window design incorporating a shadow image and vignette of '1' numeral;
- Lapau (Royal Ceremonial Hall) forms the complex clear window design incorporating a shadow image and vignette of '5' numeral;
- Jame' Asr Hassanal Bolkiah mosque forms the complex clear window design incorporating a shadow image and vignette of '10' numeral;
- His Majesty's portrait, initials 'HB' and a section of the mosque or Lapau design will appear when the banknote is raised to the light;
- Dynamic optical feature alternates between gold and blue when viewed at varying angles.



Source: Monetary Operations Department, AMBD

## Brunei Government Sukuk Al-Ijarah Issuance

His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam has consented for AMBD to act as the agent to the Brunei Government on matters pertaining to sukuk issuance and management. Table 2 illustrates that a total of B\$991 million Sukuk Al-Ijarah was issued in 2011. Among the 12 series issued, one series had a tenor of 364 days with the remainder having a tenor of 91 days. Since its inauguration in 2006, issuance of Sukuk Al-Ijarah has reached B\$3.651 billion and as of 31 December 2011, it has an outstanding amount of B\$496 million.

**Table 2: Brunei Government Sukuk Al-Ijarah Issuance**

Year	No. of Issuances		Total value of issuances (B\$ million)	Average rental yield (Percent)	
	91 days	364 days		91 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
<b>Total</b>	<b>61</b>	<b>7</b>	<b>3,651</b>	<b>0.795</b>	<b>0.941</b>

Source: Monetary Policy and Management Department, AMBD

## 4.2 FINANCIAL SECTOR

### 4.2.1 Structure of the Financial System in Brunei Darussalam

Brunei Darussalam's financial system consists of a dual financial system comprising Islamic and conventional financial institutions. Total assets of the key financial institutions were B\$24.5 billion as at end 2011, of which 86.3 percent is attributed to the banking sector as shown below.

Table 3: Total Assets of the Major Financial Institutions		
Financial Institutions Regulated by AMBD	2011	
	Amount B\$ million	Share of Total Assets (Percent)
<b>Deposit Taking Institutions</b>	<b>23,177</b>	<b>94.5</b>
Banks including Perbadanan TAIB	21,167	86.3
Conventional	13,316	54.3
Islamic	7,851	32.0
Finance Companies	1,912	7.8
Offshore Banks	99	0.4
<b>Other Licensed Financial Institutions</b>	<b>1,348</b>	<b>5.5</b>
Insurance Companies & Takaful	1,185	4.8
Conventional	850	3.5
Takaful	335	1.4
Offshore Insurance Companies	163	0.7
<b>Total Assets</b>	<b>24,525</b>	<b>100.0</b>

Source: Banking and Specialized Market Supervision Division, AMBD

There are eight fully licensed commercial banks currently operating in the domestic market; two local banks (one conventional bank and one Islamic bank), three branches of international banks and three branches of regional banks. There is also an Islamic Trust Fund which provides specialised financial services.

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

The most recent entry into the financial system was State Street (Brunei) Sdn Bhd which was granted a Restricted Banking Licence on 8 September 2011 under Section 23 of the Banking Order, 2006.

## 4.2.2 Legal and Regulatory Framework

AMBD's objectives in respect of financial stability include:

- a) Promoting and maintaining a sound financial system in the country;
- b) Promoting and enhancing market confidence, consumer protection and the reputation of Brunei Darussalam as a financial centre; and
- c) Facilitating innovation in the financial services business.

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

Anti-Terrorism Order, 2011	International Trusts Order, 2000
Banking Order, 2006	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	Mutual Funds Order, 2001
International Banking Order, 2000	Pawnbrokers Order, 2002
International Business Companies Order, 2000	Registered Agents and Trustees Licensing Order, 2000
International Insurance and Takaful Order, 2002	Securities Order, 2001
International Limited Partnerships Order, 2000	Takaful Order, 2008

The legislation shown in Table 4 are complemented by the issuance of relevant regulations, notices and guidelines to ensure sustained financial soundness and stability.

### Supervisory Framework

AMBD has also established a comprehensive supervisory framework to ensure compliance with the above regulations which include the following measures:

- a) Continuous off-site surveillance system;
- b) Periodic on-site examination process;



- c) Continuous dialogue and discussion with senior management of financial institutions;
- d) Establishing sound Sharia governance framework;
- e) Ensuring the smooth functioning of the payment system through the lender of last resort facility;
- f) Providing technical support to the financial safety net mechanism of the mandatory deposit protection scheme; and
- g) Strengthening the financial system infrastructure through the Credit Bureau.

#### 4.2.3 Strengths and Vulnerabilities of Financial Institutions

### Banking Sector

The banking system continued to be resilient in the face of today's challenging environment especially in the aftermath of the global financial crisis and economic slowdown. As the regulator of the financial system and as part of its framework to assess financial system stability, AMBD compiles aggregate micro-financial soundness indicators on the banking system.

Table 5 shows the key financial soundness indicators of the banking sector for 2011. The current mandatory regulatory capital to risk weighted assets ratio and Tier 1 Capital to risk weighted assets ratios for banks in Brunei Darussalam are prescribed to be at least 10.0 percent and 5.0 percent respectively. This is well above the Basel I and Basel II requirements of 8.0 percent and 4.0 percent respectively. In addition, all banks also meet and are in excess of the Basel III, Tier I common equity requirement of 7.0 percent.

The banks in Brunei Darussalam are also highly liquid. Strong capital and liquidity levels, together with sustained earnings and improved risk management systems, have resulted in a stable financial system, despite a marginal, albeit temporary, deterioration in asset quality. The exposure of the banks to market risk was negligible due to the low trading portfolios and minimal exposure to foreign exchange risk, as a result of substantial foreign assets held in Singapore dollars by banks.

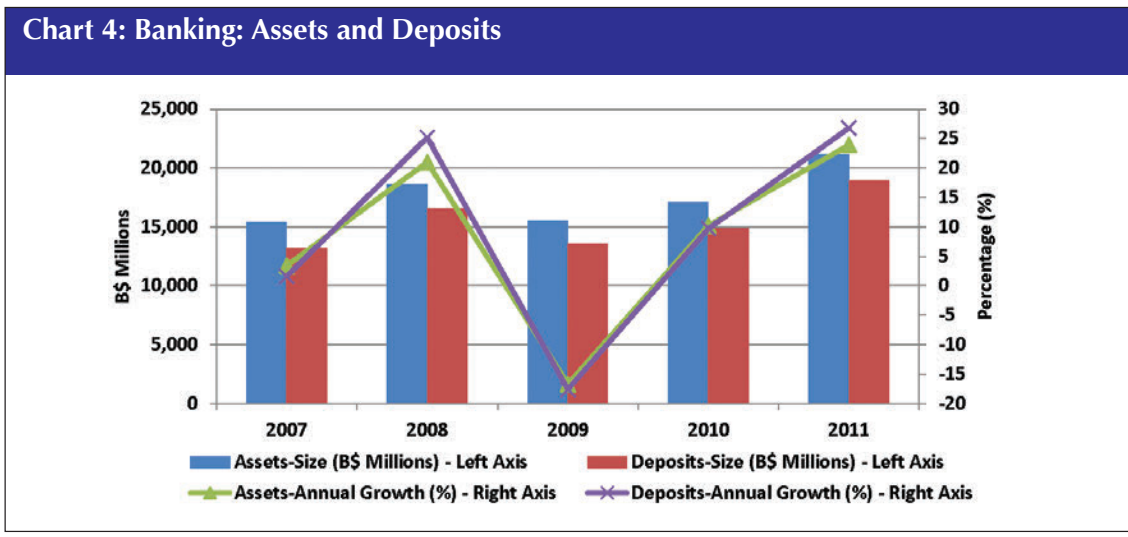
**Table 5: Selected Financial Soundness Indicators for Banks**

Financial Soundness Indicator	December 2011 (Percent)
<b>Capital Adequacy</b>	
Regulatory Capital to Risk Weighted Assets, minimum 10* percent	18.8
Tier 1 Capital to Risk Weighted Assets, minimum 5* percent	19.8
Non-Performing Loans/Financing (Net of Specific Provisions) to Capital Funds	4.9
<b>Assets Quality</b>	
Non-Performing Loans/Financing to Total Loans/Financing (Include ISS)	10.8
Non-Performing Loans/Financing to Total Loans/Financing (Exclude ISS)	7.6
Net Non-Performing Loans (Net of Provisions) to Gross Loans	1.8
Provision Coverage (Specific Provisions to Non-Performing Loans/Financing)	76.3
<b>Profitability</b>	
Return on Assets (Before Tax)	1.1
Return on Equity (After Tax)	7.3
Interest/Profit Margin to Total Average Assets	2.0
Non-Interest/Profit Expense to Gross Income (Efficiency Ratio)	53.3
<b>Liquidity</b>	
Liquid Assets to Total Assets	64.0
Liquid Assets to Total Deposits	71.6
Liquid Assets to Demand and Savings Deposits (Short term)	137.5
Loans to Deposits Ratio	26.9

\*AMBD's requirement

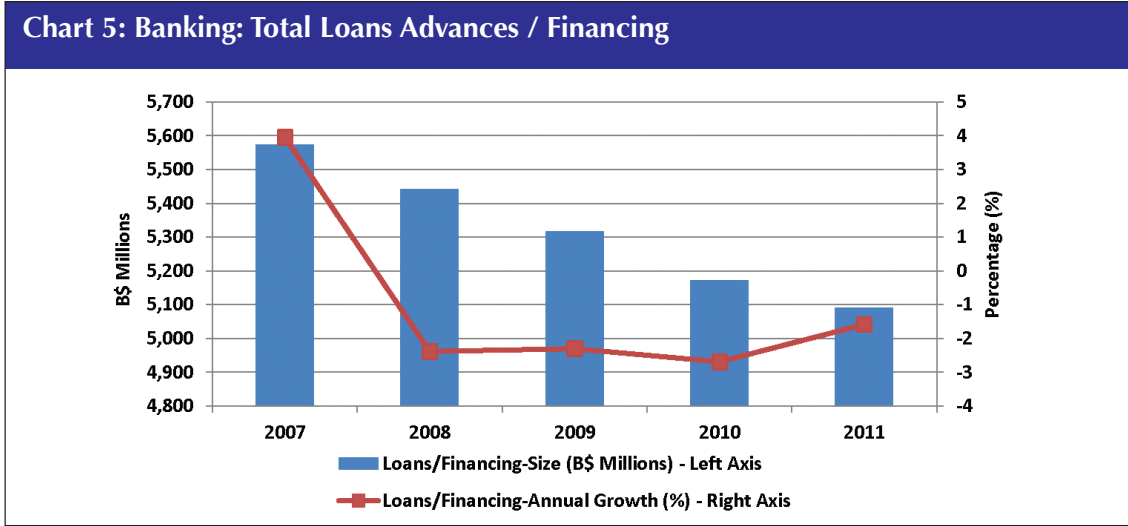
Source: Banking and Specialized Market Supervision Division, AMBD

**Overall Growth:** Chart 4 illustrates that total assets and deposits showed a positive trend as at end of 2011 registering growth of 23.9 percent reaching B\$21 billion compared to B\$17 billion in 2010. The expansion in total assets is financed by a commensurate increase in deposits by 26.8 percent which serves as the primary resource base for banking assets. Deposits continued to be the major source of funding and accounted for 89.4 percent of total assets of the banking system. The increase in total assets is reflected in an increase in placements with banks outside Brunei Darussalam by 36.0 percent and an increase in total investments by 22.7 percent.



Source: Banking and Specialized Market Supervision Division, AMBD

**Credit/Financing Overall Growth Indicators:** Credit growth continued its downward trend in 2011 with total loans/financing declining by 1.6 per cent to B\$5.1 billion compared to B\$5.2 billion in 2010 as shown in Chart 5. A greater moderation is seen in lending to the household sector as a result of the mandatory capping of personal loans and tight regulatory policy through the control of credit card usage.



Source: Banking and Specialized Market Supervision Division, AMBD

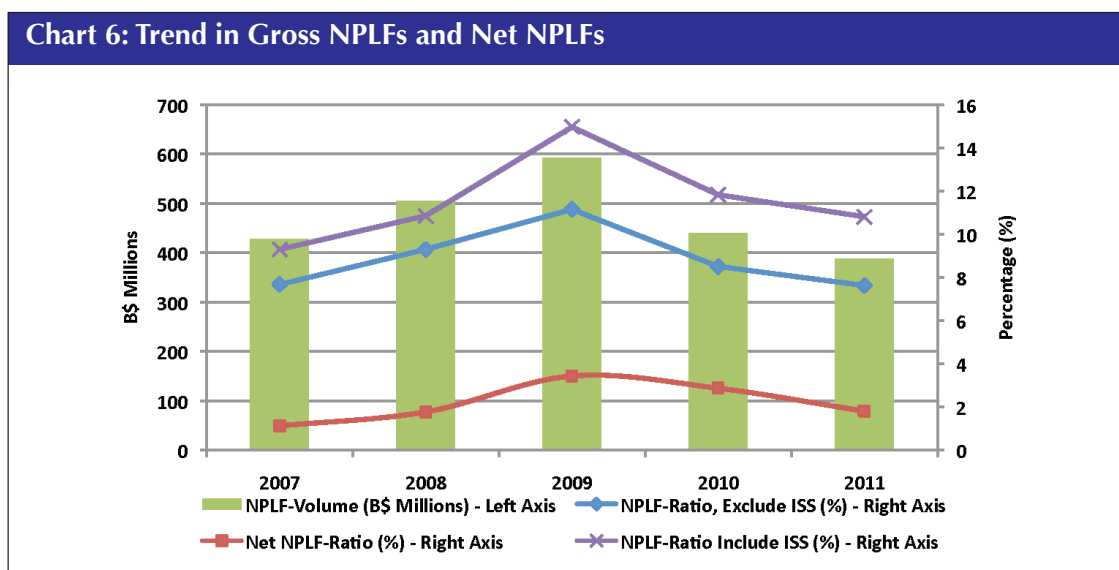
**Direction of Credit/Financing:** Table 6 illustrates that household debt was still the largest credit/financing segment at 58.2 percent of total credit/financing, with personal loans still representing the largest sector at 36.8 percent of total credit/financing facilities. However, personal loans declined by 11.1 percent to B\$1,876 million compared to 2010 and have declined by 40.5 percent since the introduction of the personal loans cap in 2005.

Table 6: Distribution of Credit / Financing

Total Loans/Financing-Sector-wise Exposure	2010		2011		Percentage change
	Amount B\$ million	Market Share (Percent)	Amount B\$ million	Market Share (Percent)	
<b>HOUSEHOLD SECTOR</b>	<b>3,166</b>	<b>61.2</b>	<b>2,966</b>	<b>58.2</b>	<b>-6.4</b>
Personal Loans (Including credit cards)	2,110	40.8	1,876	36.8	-11.1
Residential housing	916	17.7	978	19.2	6.8
Automobile Financing	140	2.7	112	2.2	-20.1
<b>BUSINESS SECTOR</b>	<b>2,007</b>	<b>38.8</b>	<b>2,126</b>	<b>41.8</b>	<b>5.9</b>
Commercial housing and Other					
Constructions	422	8.2	442	8.7	4.6
Traders	365	7.0	373	7.3	2.4
Manufacturing	154	3.0	353	6.9	129.2
Financial	2	0.0	266	5.2	12,111.8
Services	163	3.2	215	4.2	31.7
Infrastructure	172	3.3	187	3.7	8.4
Transportation	580	11.2	96	1.9	-83.4
Telecommunication and Information					
Technology	42	0.8	87	1.7	109.0
Tourism	87	1.7	82	1.6	-5.1
Agricultural	20	0.4	24	0.5	22.8
<b>TOTAL LOANS/FINANCING</b>	<b>5,173</b>	<b>100.0</b>	<b>5,092</b>	<b>100.0</b>	<b>-1.6</b>

Source: Banking and Specialized Market Supervision Division, AMBD

**Assets Quality:** Credit/financing is still the key risk in the banking sector reflecting the core business of the banking industry. Asset quality continued to improve with a decrease in the gross non-performing loans/financing ratio (NPLF include ISS) from 11.8 percent in 2010 to 10.8 percent in 2011 as shown in Chart 6. During the said period, the NPLF ratio decreased by 8.5 percent, equivalent to B\$65 million in absolute terms. Despite the high gross NPLF ratio, the potential credit risk of the banking system is low because provision cover for loan/financing losses stands at 76.3 percent and the uncovered portion is supported by adequate realizable collateral. Accordingly, the net NPLF ratio (net of provision and interest in suspense for NPLF) improved to 1.8 percent in 2011 from 2.9 percent in 2010.



Source: Banking and Specialized Market Supervision Division, AMBD

**Liquidity:** Overall, the banks continue to maintain a high level of liquidity against total deposits at 71.6 percent and against their short term deposit liabilities of 137.5 percent. Further, 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 7: Maturity Gap Analysis**

(B\$ Millions)	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	7,686	2,317	1,428	5,311	3,124	1,488	1,648	933	2,304
Outflows	3,091	1,377	2,116	4,801	4,420	3,665	4,855	106	2,167
<b>Gap (Mismatch)-(Inflows-Outflows)</b>									
Gap in different time buckets	4,594	939	-688	510	-1,296	-2,177	-3,207	826	136
Cumulative Gap	4,594	5,534	4,845	5,356	4,060	1,883	-1,324	-497	-361
Cumulative Gap as a percentage of Total liabilities	17.3	20.8	18.2	20.1	15.3	7.1	-5.0	-1.9	-1.4

Source: Banking and Specialized Market Supervision Division, AMBD

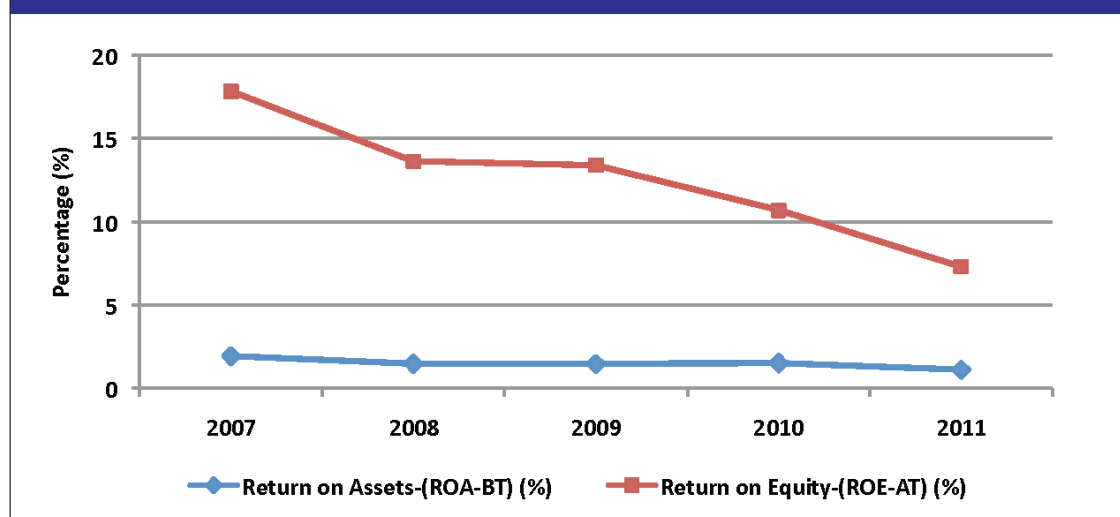
**Profitability:** The banking system witnessed a declining trend in profitability. In 2011, total profit (after tax) stood at B\$145 million declining by B\$42 million or 22.3 percent over 2010. The decline was attributed to a decline in interest income on credit portfolio and non-interest income. Table 8 illustrates the contributory factors leading to the decline in profitability.

**Table 8: Profitability Trend**

Item	2010 (B\$ million)	2011 (B\$ million)	Percentage change
Interest Income	467	440	-5.9
of which interest income on Loans/Financing	401	361	-10.0
of which interest income on Placements	46	55	19.8
of which interest income on others	20	23	18.1
Interest Expenses	86	77	-10.0
Net Interest Income	382	363	-4.9
Non Interest Income	136	112	-17.9
Operating Expenses	236	234	-0.8
Loan Loss Provisions (Net)	38	35	-7.2
Provision for decline in value of investments	2	0	-95.0
Profit Before Tax	242	205	-15.3
<b>Profit After Tax</b>	<b>186</b>	<b>145</b>	<b>-22.3</b>

Source: Banking and Specialized Market Supervision Division, AMBD

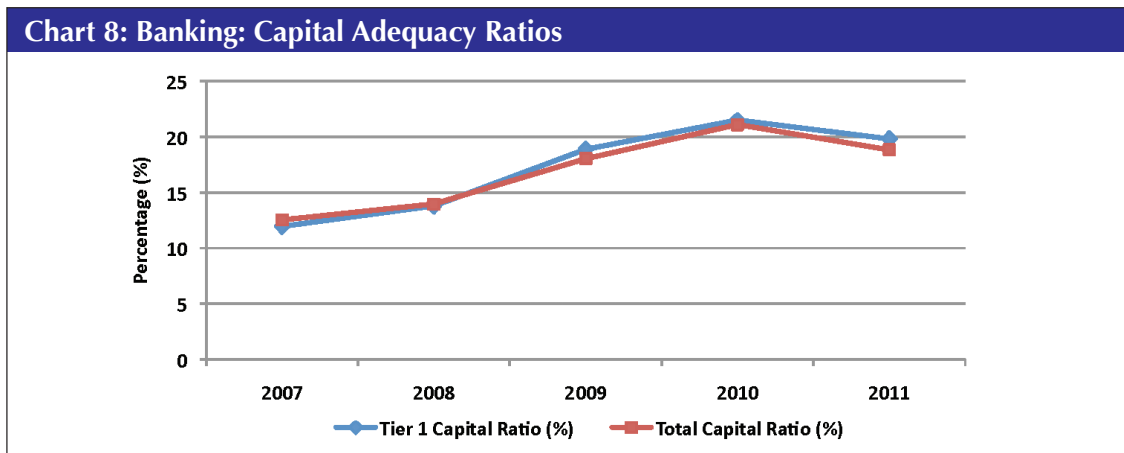
Chart 7 shows that the return on assets (ROA) decreased by 0.4 percentage points and the return on equity (ROE) by 3.4 percentage points in 2011.

**Chart 7: Banking: Profitability Indicators**

Source: Banking and Specialized Market Supervision Division, AMBD

**Capital Adequacy:** Chart 8 shows the capital adequacy ratio of banks which focuses on the strength of bank capital against the risk profile of the bank and provides protection to depositors from potential shocks or losses that a bank might incur. It provides absorptive capacity against major financial risks (such as credit risk, market risk, and operational risk). Bank capitalization has been significantly

enhanced since 2007, as a result of the implementation of prudential regulations on capital adequacy ratios (CAR) and statutory reserve fund (Capital conservation buffer) for all banks. The increased capitalization was also reflected in a stronger CAR for the banking industry at 18.8 percent and the Tier 1 CAR at 19.8 percent in 2011. These rates are well above the regulatory requirements of 10.0 percent and 5.0 percent as well as the Basel II international regulatory norm of 8.0 percent and 4.0 percent respectively. The decline in the CAR in 2011 over 2010 was due to a greater expansion of risk assets in 2011 by 13.7 percent.



Source: Banking and Specialized 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 2011, the number of banking outlets and ATMs operated by the banks was 58 and 237 respectively.

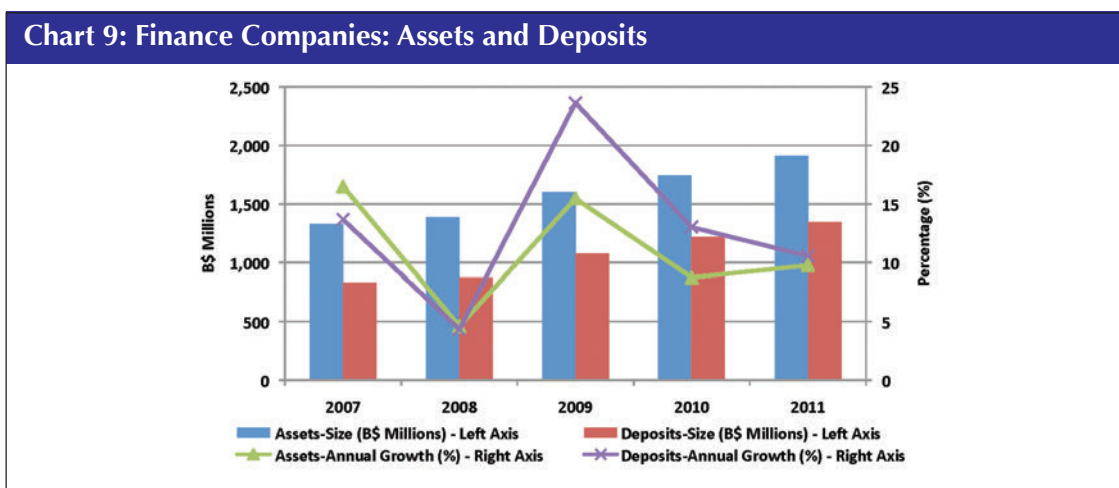
**Banking Density:** The median for banking density for branches stands at 14 branches per 100,000 persons, whereas for ATMs it is 57 ATMs per 100,000 persons as at end of 2011. Banking penetration in the country is considered high in the context of the regional median which stands at 8 branches per 100,000 persons.

District	No of Branches	No of ATMs
Brunei/ Muara	40	182
Kuala Belait	12	40
Tutong	5	13
Temburong	1	2
<b>Total</b>	<b>58</b>	<b>237</b>

Source: Banking and Specialized Market Supervision Division, AMBD

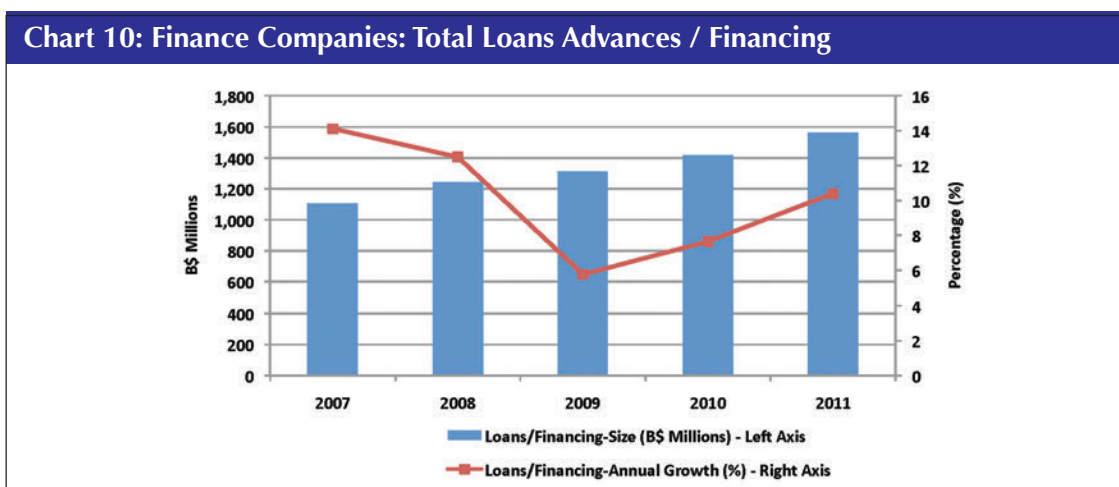
## Finance Companies

Chart 9 illustrates that the total finance company assets increased marginally by 9.8 percent to B\$1.9 billion in 2011 and deposits also increased marginally by 10.6 percent to B\$1.3 billion. Deposits continued to be the major funding source for the finance companies and accounted for 70.3 percent of total assets. The resource base of the finance companies is also supported by borrowings from their bank holding companies.



Source: Banking and Specialized Market Supervision Division, AMBD

**Credit/financing Growth Moderate:** Credit/financing growth continued to show a positive trend, increasing by 10.4 percent to B\$1.6 billion in 2011 and accounting for 81.7 percent of total assets as shown in Chart 10. This trend is reflected in a commensurate sector-wise increase in consumer durables and automobile financing by 14.5 percent and 11.4 percent respectively in 2011 from 2010.



Source: Banking and Specialized Market Supervision Division, AMBD



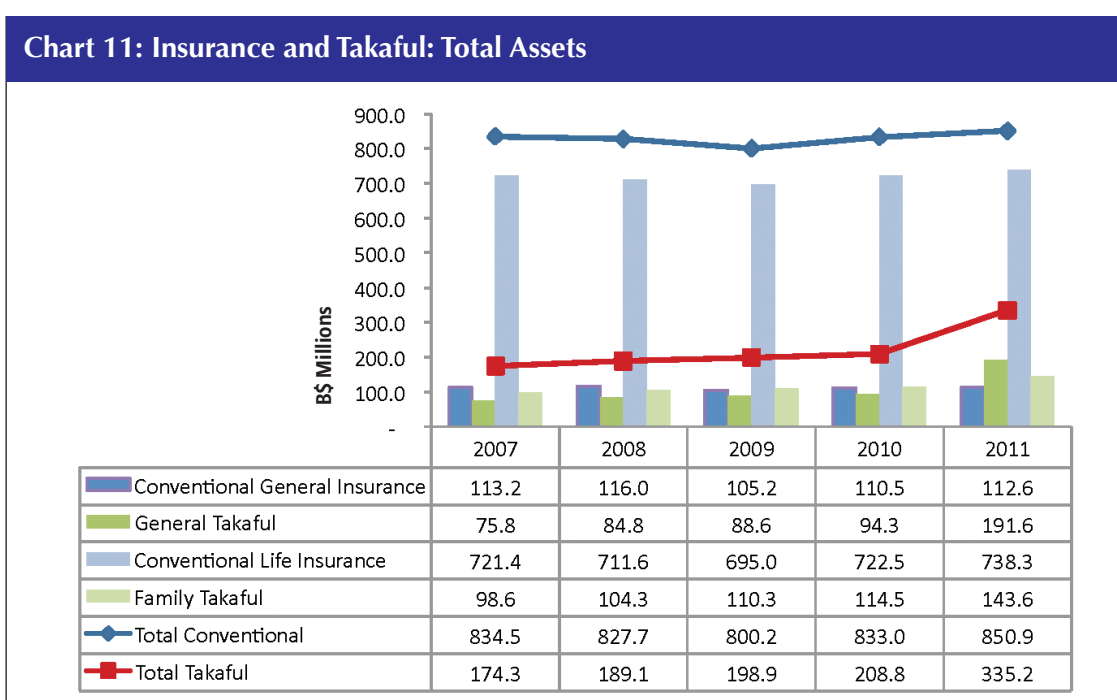
## Insurance and Takaful

**Overall Growth:** In 2011, insurance and takaful continued to demonstrate positive growth. Table 10 shows that the assets grew by 13.9 percent from B\$1,041.8 million in 2010 to B\$1,186.1 million in 2011. Gross premiums expanded by 6.6 percent from B\$248.8 million in 2010 to B\$265.2 million in 2011. Meanwhile, gross claims decreased by 4.4 percent from B\$102.9 million in 2010 to B\$98.4 million in 2011.

(In B\$ millions)	2007	2008	2009	2010	2011
<b>Assets</b>	1,008.8	1,016.7	999.1	1,041.8	1,186.1
<b>Gross Premiums</b>	176.5	195.8	186.5	248.8	265.2
<b>Gross Claims/Benefits</b>	70.4	95.7	96.4	102.9	98.4

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

The increase in total assets was mainly due to a higher asset-holding by takaful operators as more capital was injected to meet the requirement for separation of general and family takaful businesses. As such, takaful assets increased by 60.5 percent year-on-year from B\$208.8 million to B\$335.2 million as shown in Chart 11. Meanwhile, conventional assets increased by 2.1 percent year-on-year from B\$832.9 million to B\$850.8 million.

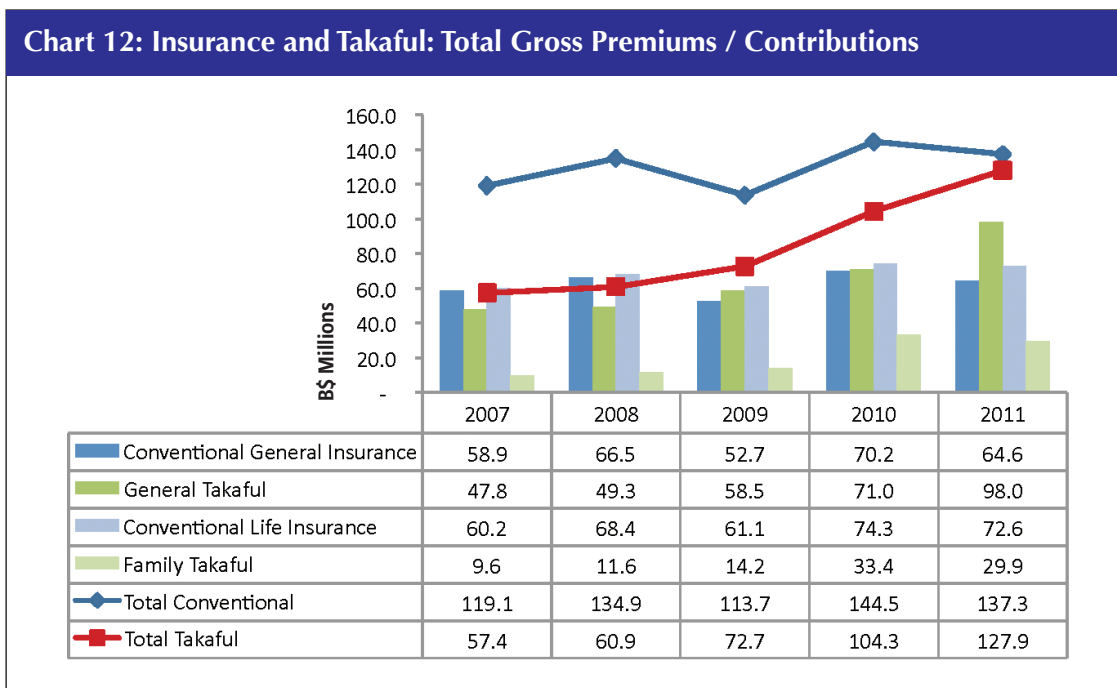


Source: Insurance/Takaful and Capital Market Supervision Division, AMBD

Market share of takaful contributions has been rising since 2007 from 32.5 percent to 48.2 percent in 2011. The growth of takaful contributions is attributable to the growth of general takaful business, where general takaful operators have a market share of 60.3 percent of total general business. This rapid growth of takaful business is directly generated from motor business. In this regard, conventional companies have avoided direct competition with takaful operators for motor business and have targeted non-motor business. The proportion of conventional premiums from non-motor business has risen from 76.2 percent in 2007 to 80.7 percent in 2011.

**Gross Premiums:** The growth in gross premiums was largely due to an increase in general business which saw an expansion of 15.2 percent year-on-year from B\$141.2 million to B\$162.7 million as shown in Chart 12. Most classes of general business saw an increase during the year with the exception of contractors' all risks (CAR) and public liability with a decrease of 78.2 percent and 12.6 percent respectively as shown in Table 11. While motor insurance remains the key driver for general business, there is an upward trend in the Others sector which includes energy risks. In 2007, the Others sector contributed only 8.9 percent of total gross premiums whereas in 2011, it contributed 24.1 percent.

Meanwhile, life business experienced a decrease in gross premiums of 4.7 percent from B\$107.6 million in 2010 to B\$102.5 million in 2011. Life business continues to be dominated by conventional companies with a market share of 70.9 percent. Nonetheless, there has been an increasing trend for family takaful with the market share increasing from 13.7 percent in 2007 to 29.1 percent in 2011.



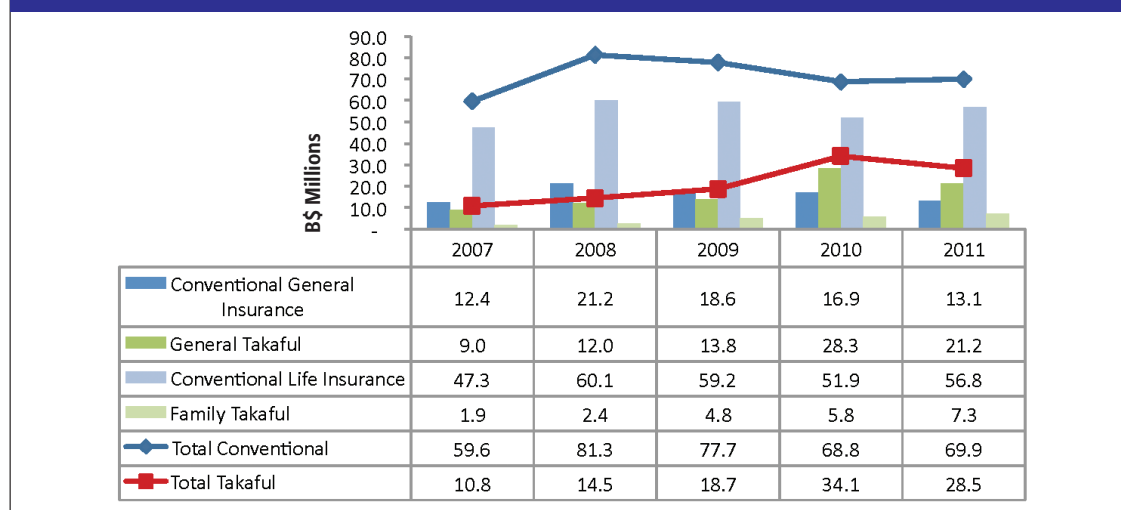
Source: Insurance/Takaful and Capital Market Supervision Division, AMBD

**Table 11: Gross Premiums / Contributions for General Business**

Classes of General Business	2010		2011		Percentage change
	Amount B\$ million	Market share (Percent)	Amount B\$ million	Market share (Percent)	
Motor	64.6	45.8	68.9	42.3	6.7
Fire	13.6	9.6	14.1	8.7	3.7
Marine, Aviation, & Transit	11.6	8.2	18.8	11.5	62.0
Others	22.3	15.8	39.2	24.1	75.8
Contractors' All Risks	11.0	7.8	2.4	1.5	-78.2
Bond	0.5	0.3	0.6	0.4	20.0
Workmen's Compensation	8.9	6.3	11.1	6.8	24.7
Public Liability	8.7	6.2	7.6	4.7	-12.6
<b>Total</b>	<b>141.2</b>	<b>100.0</b>	<b>162.7</b>	<b>100.0</b>	<b>15.2</b>

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

**Gross Claims:** Chart 13 shows that Gross claims have shown a rising trend over the years. In 2007, claims stood at B\$70.4 million and increased significantly to B\$102.9 million in 2010. However, in 2011 there was a decrease of 4.4 percent year-on-year as general business experienced a decrease in claims of 24.1 percent year-on-year. Table 12 shows that the general claims decreased from B\$45.1 million to B\$34.3 million due to decreases in all classes of business except for CAR and workmen's compensation. Motor claims recorded 77.0 percent of total general claims and stood at B\$26.4 million in 2011.

**Chart 13: Insurance and Takaful: Total Gross Claims**


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

Table 12: Gross Claims for General Business

Classes of General Business	2010		2011		Percentage change
	Amount B\$ million	Market share (Percent)	Amount B\$ million	Market share (Percent)	
Motor	32.7	72.5	26.4	77.0	-19.3
Fire	4.5	10.0	0.9	2.5	-80.0
Marine, Aviation, & Transit	0.7	1.5	0.2	0.6	-71.4
Others	3.4	7.5	2.6	7.6	-23.5
Contractors' All Risks	0.1	0.2	0.2	0.6	100.0
Bond	0.03	0.1	0.02	0.06	-33.3
Workmen Compensation	2.7	6.0	3.6	10.5	33.3
Public Liability	1.0	2.2	0.4	1.2	-60.0
<b>Total</b>	<b>45.1</b>	<b>100.0</b>	<b>34.3</b>	<b>100.0</b>	<b>-23.9</b>

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

**Gross Benefits:** For life benefits, there was an increase of 11.1 percent from B\$57.7 million in 2010 to B\$64.1 million in 2011, as shown in Table 13. The main form of benefits in 2011 was through maturities which constituted 55.5 percent of total benefits or B\$35.6 million.

Table 13: Gross Life / Family Benefits

Classifications	2010		2011		Percentage change
	Amount B\$ million	Market share (Percent)	Amount B\$ million	Market share (Percent)	
Maturities	35.9	62.2	35.6	55.5	-0.8
Death	5.4	9.4	11.5	17.9	113.0
Surrenders	11.3	19.6	12.4	19.3	9.7
Annuities	-	0.0	0.01	0.02	1.0
Others	5.1	8.8	4.7	7.3	-7.8
<b>Total</b>	<b>57.7</b>	<b>100.0</b>	<b>64.1</b>	<b>100.0</b>	<b>11.1</b>

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

## Capital Markets

The capital markets in Brunei Darussalam today comprise both conventional and Sharia compliant activities including issuances of Brunei Government Short-term Sukuk Al-Ijarah, corporate Sukuk issuances and over the counter (OTC) offering of shares. The activities are undertaken by banks and capital market intermediaries such as fund operators, investment advisers and also dealers.

**Table 14: Intermediaries and Instruments in the Brunei Darussalam Capital Markets**

Capital Markets Intermediaries	Capital Markets Instruments
Banks	Government Sukuk
Investment Advisers	Corporate Sukuk
Fund Operators	Foreign bonds and term notes
Dealers	Shares
	Conventional local and foreign mutual funds
	Sharia compliant local and foreign mutual funds

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

Year on year, the industry sees positive growth and there is an increasing interest from the private sector to develop this industry further. To complement the private sector efforts towards this, AMBD has taken several steps to enhance the capital market infrastructure. The steps include amending current legislation to strengthen the legal and regulatory framework and to create an environment that is not only both conducive and competitive, but fair, for its market players and investors.

### Assets Under Management (AUM) by Investment Advisers

There are currently 13 licensed investment advisers, comprising 4 local and 9 international companies, whose activities include providing investment advice and portfolio management. Table 15 shows the total AUM of investment advisers from 2008 to 2011. Asset management portfolios of licensed investment advisers have grown substantially since 2008 from B\$1.0 billion to B\$7.1 billion.

**Table 15: Total AUM of Investment Advisers**

	2008	2009	2010	2011
	B\$ million	B\$ million	B\$ million	B\$ million
Total (rounded off)	1,029	1,502	3,482	7,096

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

## Mutual Funds

23 mutual funds are actively offered and distributed in the country, of which 20 are public funds<sup>6</sup> and 3 are private funds<sup>7</sup>. The public mutual funds consist of 10 Sharia compliant and 10 conventional funds. The private funds comprise two conventional and one Sharia compliant fund. There are two licensed fund managers and one licensed fund administrator under the Mutual Funds Order, 2001. Under the existing legislation, banks which undertake the role of fund administrators are exempt from the licensing requirement.

Table 16 illustrates the total market share of Sharia compliant funds against conventional funds from 2009 to 2011. As illustrated, there is a growing interest towards Sharia compliant funds in general as indicated by the increasing market share since 2009.

Funds	2009	2010	2011
	Market Share (Percent)	Market Share (Percent)	Market Share (Percent)
Sharia Compliant	17.2	21.4	25.3
Conventional	82.8	78.6	74.7

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

<sup>6</sup>Public fund is any mutual fund other than a private fund or a professional fund whose shares/units/partnership interest are offered for subscription to any member of the general public.

<sup>7</sup>Private fund is mutual fund whose shares/units/partnership interest is not offered to the general public, not being a professional fund and whose terms –

- Limit the number of participants for the time being to not more than 50, and
- Enable the participants at any time to remove from office in terms provided by the mutual fund the person who is the manager of the mutual fund for the time being.

# **5. AUDITED FINANCIAL STATEMENTS**

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

**Annual Report  
Year ended 31 December 2011**

The Members of the Board have pleasure in submitting their report and the audited financial statements of the Autoriti for the year ended 31 December 2011.

## Principal Activities

The Autoriti Monetari Brunei Darussalam (“AMBD”) was established on 1 January 2011 pursuant to Section 3(1) of the Autoriti Monetari Brunei Darussalam Order, 2010.

Under Section 4 of that Order, the principal objects of the Authority shall be –

- 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 to be appropriate.

Four divisions previously under the Ministry of Finance merged to form AMBD, namely:-

- The Brunei Currency and Monetary Board or BCMB
- The Brunei International Financial Center or BIFC
- The Financial Institutions Division or FID
- Part of the Research and International Division or RID

In line with the introduction of the Autoriti Monetari Brunei Darussalam Order, 2010, His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam had also consented to the amendment of the Currency and Monetary Order, 2004, cited as Currency and Monetary (Amendment) Order, 2010, which came into effect on 1 January 2011.

The Currency and Monetary (Amendment) Order, 2010, amongst other things, provides for the transfer of the powers from BCMB to AMBD, including its assets and liabilities. Therefore, assets and liabilities previously held under BCMB which were valued using GAAP have now been transferred to AMBD valued in accordance to International Financial Reporting Standards (“IFRS”). This Order also provides for the establishment of the Currency Fund for the purpose of currency management. Following this, AMBD is the sole authority for the issuance of Brunei currency notes and coins.



## Financial Statements

	<b>B\$'000</b>
Total comprehensive income	<u>13,408</u>

### 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 Hassanah Bolkhiah Mu'izzaddin Waddaulah** As Chairman  
*The Crown Prince and Senior Minister at the Prime Minister's Office  
(Effective from 1 January 2011 till present)*

**Yang Berhormat Pehin Orang Kaya Indera Pahlawan  
Dato Seri Setia Awang Haji Suyoi bin Haji Osman** As Deputy Chairman  
*Minister of Development  
(Effective from 1 January 2011 till present)*

**Yang Berhormat Pehin Orang Kaya Laila Setia  
Dato Seri Setia Awang Haji Abd Rahman bin Haji Ibrahim**  
*Minister of Finance II at the Prime Minister's Office  
(Effective from 1 January 2011 till present)*

**Yang Mulia Dato Paduka Awang Haji Ali bin Apong**  
*Deputy Minister at the Prime Minister's Office  
(Effective from 1 January 2011 till present)*

**Yang Mulia Dato Paduka Awang Haji Mohd Roselan bin Haji Mohd Daud**  
*Permanent Secretary (Policy), Ministry of Finance  
(Effective from 1 January 2011 till 5 October 2011)*

**Yang Mulia Awang Haji Shahbudin bin Haji Musa**  
*Permanent Secretary (Policy), Ministry of Finance  
(Effective 6 October 2011 to 28 February 2012)*

**Yang Mulia Dato Paduka Haji Hisham bin Haji Mohd Hanifah**  
*Permanent Secretary (Policy and Investment), Ministry of Finance  
(Effective from 29 February 2012 till present)*

**Yang Mulia Dato Seri Setia Haji Awang Metussin bin Haji Baki***Syariah High Court Judge**(Effective from 1 January 2011 till present)***Yang Mulia Datin Paduka Dayang Magdalene Chong***Solicitor General**(Effective from 1 January 2011 till 27 December 2011)***Yang Mulia Dato Paduka Dr Awang Haji Ismail bin Haji Duraman***Executive Director, Centre for Strategic and Policy Studies (CSPS)**(Effective from 1 January 2011 till present)***Yang Mulia Dato Paduka Awang Haji Mohd Rosli bin Haji Sabtu***Managing Director, AMBD**(Effective from 1 January 2011 till present)*

## Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

**Yang Mulia Dato Paduka Dr Awang Haji Ismail bin Haji Duraman****Chairman****Yang Mulia Awang Haji Azhar bin Haji Ahmad****Yang Mulia Pengiran Haji Abdul Rajak bin Pengiran Abdul Wahap****Yang Mulia Datin Paduka Dayang Magdalene Chong** *(Resigned on 27 December 2011)*

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

### Auditors

The auditors, Messrs KPMG, 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*

**Autoriti Monetari Brunei Darussalam  
(Enacted in Brunei Darussalam)  
Independent auditor's report**

**Report on the financial statements**

We have audited the financial statements of the Autoriti Monetari Brunei Darussalam ("AMBD"), which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 35.

***Management's responsibility***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Autoriti Monetari Brunei Darussalam Order, 2010 ("the Order") and International Financial Reporting Standards ("IFRS").

Management has acknowledged that its responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

***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 the Order as applicable, and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purposes 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 the management, 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 the financial statements are properly drawn up in accordance with the provisions of the Order and International Financial Reporting Standards (“IFRS”) to give a true and fair view of the assets used in, and liabilities arising out of, the AMBD's operations as at 31 December 2011 and the results of the AMBD's operations and the cash flows from such operations for the year ended on that date.

### **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Order to be kept by AMBD have been properly kept in accordance with the provisions of the Order.



**Certified Public Accountants**



**Haji Shazali bin Tan Sri Dato Haji Sulaiman**

*Brunei Darussalam Authorised Auditor*

Brunei Darussalam  
24 October 2012

## Statement of financial position

As at 31 December 2011

	Note	2011 B\$'000
<b><u>NON-CURRENT ASSETS</u></b>		
Property, plant & equipment	3	18,497
Gold	3	136,014
Securities	4	685,727
Derivative		693
<b>TOTAL NON-CURRENT ASSETS</b>		<b>840,931</b>
<b><u>CURRENT ASSETS</u></b>		
Inventories		7,997
Receivables from Government of Brunei Darussalam	5	300,000
Assets held with IMF	6	462,901
Other Assets	7	37,358
Fixed deposit		120,015
Cash and cash equivalents with		
- Central banks		
- Banks and other financial institutions	8	2,537,391
<b>TOTAL CURRENT ASSETS</b>		<b>3,465,662</b>
<b>TOTAL ASSETS</b>		<b>4,306,593</b>
<b><u>EQUITY &amp; LIABILITIES</u></b>		
<b><u>EQUITY</u></b>		
Capital	9	1,000,000
Reserve funds	10	679
Revaluation reserve		30,925
<b>TOTAL EQUITY</b>		<b>1,031,604</b>
<b><u>NON-CURRENT LIABILITIES</u></b>		
Provisions	11	123,928
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>123,928</b>

The notes set out on pages 15 to 35 form part of these financial statements.

	Note	2011 B\$'000
<b><u>CURRENT LIABILITIES</u></b>		
Currency in circulation	12	1,689,987
Payables to Government of Brunei Darussalam		56,412
Liabilities with IMF	6	406,910
Other liabilities	13	22,260
Deposit and balances of		
- Central banks		-
- Banks and other financial institutions	14	975,492
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,151,061</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>4,306,593</b>

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 36 to 55 form part of these financial statements.

## Statement of comprehensive income

For the year ended 31 December 2011

	Note	2011 B\$'000
Interest income	15	17,545
Dividend income		1,453
		<u>18,998</u>
Net gain on financial assets	16	16,646
Loss on gold revaluation		(14,060)
Fee and commission expense		(1,749)
Other income	17	4,973
		<u>5,810</u>
<b>Income before operating expenses</b>		<b>24,808</b>
Other operating expenses	18	(11,400)
<b>Profit for the year</b>		<b>13,408</b>
Other comprehensive income		-
<b>Total comprehensive income</b>		<b>13,408</b>

## Statement of Distribution

As at 31 December 2011

	2011 B\$'000
Total comprehensive income	13,408
<i>Less:</i>	
Transfer to currency valuation reserve fund	(2,442)
Transfer to market valuation reserve fund	(8,702)
Transfer to Reserve Fund	(679)
To be transferred to the Government of Brunei Darussalam	(1,585)
	<u>-</u>

The notes set out on pages 36 to 55 form part of these financial statements.

## Statement of changes in equity

As at 31 December 2011

	Share capital B\$'000	Retained earnings B\$'000	Reserve fund B\$'000	Revaluation Reserve B\$'000	Total B\$'000
At 1 January 2011	-	-	-	19,781	19,781
Capital	1,000,000	-	-	-	1,000,000
Profit for the year	-	13,408	-	-	13,408
Less:					
Transfer during the year	-	-	12,941	-	12,941
Transfer for distribution of profits	-	(11,823)	679	11,144	-
Transfer to Government of Brunei Darussalam *	-	(1,585)	-	-	(1,585)
Transfer to Government of Brunei Darussalam **	-	-	(12,941)	-	(12,941)
At 31 December 2011	<b>1,000,000</b>	<b>-</b>	<b>679</b>	<b>30,925</b>	<b>1,031,604</b>

**Note:-**

\* Transfer to Government of Brunei Darussalam in accordance to Section 9 of AMBD Order 2010

\*\* BCMB's reserve fund, to be transferred back to the Government of Brunei Darussalam

The notes set out on pages 36 to 55 form part of these financial statements.



## Statement of cash flows

As at 31 December 2011

	Note	2011 B\$'000
<b>Cash flows from operating activities</b>		
Total comprehensive income		13,408
Adjustment for:		
Depreciation on plant, property and equipment	3	825
Loss on gold revaluation		14,060
		<u>28,293</u>
<b>(Increase) / Decrease from operating activities:</b>		
Securities		(685,727)
Derivatives		(693)
Inventories		(7,997)
Receivables from Government of Brunei Darussalam		(300,000)
Assets held with IMF		(462,901)
Other Assets		(37,358)
Fixed deposit		(120,015)
Provisions		109,402
Payables to Government of Brunei Darussalam		56,412
Liabilities with IMF		406,910
Other Liabilities		22,260
Deposit and Balance of : Banks and Other Financial Institutions		975,492
<b>Net cash from operating activities</b>		<u>(44,215)</u>
<b>(Increase) / Decrease from financing activities:</b>		
Share capital		1,000,000
Transfer of reserves		12,941
Revaluation reserve		19,781
Currency in circulation		1,689,987
<b>Net cash from financing activities</b>		<u>2,722,709</u>
<b>Investing activities</b>		
Gold		(150,074)
Transfer & purchase of activities of property, plant & equipment		(19,322)
<b>Net cash from investing activities</b>		<u>(169,396)</u>
<b>Net increase / (decrease) in cash &amp; cash equivalent</b>		2,537,391
Cash and cash equivalents at beginning of the year		-
<b>Cash &amp; cash equivalent at the end of the year</b>		<u>2,537,391</u>

The notes set out on pages 36 to 55 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 24 October 2012.

### 1. Domicile and activities

The Autoriti Monetari Brunei Darussalam (“AMBD”) was established on 1 January 2011 pursuant to Section 3(1) of the Autoriti Monetari Brunei Darussalam Order, 2010.

The Government of Brunei Darussalam is the shareholder of AMBD.

### 2. Summary of significant accounting policies

#### 2.1. Basis of preparation

The financial statements are prepared in accordance with the International Financial Reporting Standards (“IFRS”). The financial statements of AMBD are presented in Brunei Dollars, rounded to the nearest thousands, except as otherwise stated. The Brunei Dollar is also the functional currency of AMBD.

The financial statements have been prepared on the historical cost basis except as otherwise described below.

#### 2.2. Financial instruments

##### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash balances with central banks and banks and other financial institutions, currency in circulation and trade and other payables. 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.

A financial instrument is recognised on the statement of financial position when AMBD becomes a party to the contractual provisions of the instrument. Management determines the classification of financial assets and liabilities at the time of initial recognition in the statement of financial position and this is not subsequently changed.

Regular way purchases and sales of financial assets/financial liabilities are accounted for at trade date, i.e., the date that AMBD commits itself to purchase or sell the asset.

Financial assets are classified in the following categories: financial assets at fair value through profit or loss, and loan and receivables financial assets. Financial liabilities are classified into either financial liabilities at amortised cost or financial liabilities at fair value through profit or loss. Note 20 sets out the amount of each class of financial asset and financial liability and their corresponding categories.

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

### ***Financial assets and liabilities 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 instrument is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Financial assets held for trading include government securities and treasury bills and other dealing securities which are held for trading. AMBD does not have any financial assets and liabilities designated at fair value through profit or loss.

All financial assets and liabilities at fair value through profit or loss are measured initially at fair value. Subsequent to initial recognition, these are remeasured at fair value and the resultant gains and losses arising from changes in the fair value are included in profit or loss in the period in which they arise. Any arising attributable transaction costs are recognised in the Statement of Comprehensive Income as incurred.

### ***Derivative financial instruments***

Derivative financial instruments arise from swaps transactions undertaken in the foreign exchange markets.

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 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 included in "Other assets"; liabilities, including losses, resulting from such contracts, are included in "Other liabilities". Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

### ***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 loan assets, 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.

### ***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), AMBD establishes fair value by using valuation techniques. These include the use of recent market transactions, discounted cash flows analysis, pricing models and other valuation techniques commonly used by market participants. 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 deposit liabilities are carried in the balance sheet 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.

## **2.3. Property, plant and equipment**

Fixed assets are stated at cost and depreciated on a straight line basis over their estimated useful lives. The annual rates 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 depreciable amount of a revalued asset is based on its revalued amount. The revaluation surplus is not transferred to retained earnings until the asset's ultimate disposal.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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 income statement.

## 2.4. Impairment

### *Non-derivative financial assets*

The carrying amounts of AMBD's financial assets are reviewed at the end of each reporting period to determine whether there is any objective evidence of impairment. A financial asset or a group of financial assets is impaired and an impairment loss is incurred, if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If any such indication of impairment exists, the asset's recoverable amount is estimated.

In assessing whether there is any indication that the financial asset(s) may be impaired, the following should be considered:

- a) Significant financial difficulty of the issuer or obligor;
- b) Indications that a debtor or issuer will enter bankruptcy;
- c) Adverse changes in the payment status of borrower or issuer;
- d) Economic conditions that correlate with defaults or the disappearance of an active market for a security

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

### ***Loans and receivables***

The recoverable amount of loans and receivables carried at amortised cost is calculated as the present value of the expected future cash flows, discounted at the instrument's current effective interest rate in respect of floating rate instruments or original effective interest rate in respect of fixed rate instruments. The carrying amount of the asset is reduced by an allowance for loan impairment to reduce these loans and advances to their recoverable amounts. The impairment loss is recognised in profit or loss.

Individually assessed impairment allowances reduce the carrying amount of loans and advances that are identified as being impaired based on regular reviews of outstanding balances. Collectively assessed impairment allowances are maintained to reduce the carrying amounts of portfolios of similar loans and advances, not specifically identified to be impaired, to their estimated recoverable amounts at the end of the reporting period.

An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Once a loan is identified as impaired, although the accrual of interest in accordance with the contractual terms of the loan is discontinued, the accretion of the net present value of the written down amount of the loan due to the passage of time is recognised as interest income based on the original effective interest rate of the loan.

### ***Non-financial assets***

The carrying amounts of AMBD'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 (CGUs).

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.

## **2.5. 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.

### ***Interest income and expense***

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.

### ***Dividend income***

Dividend income is recognised in profit or loss when the shareholder's right to receive payment is established.

### ***Fee and commission income***

Fee and commission 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 fee 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.

## **2.6. Foreign currency translation**

Foreign currency monetary assets and liabilities are translated into Brunei dollars at rates of exchange prevailing on the financial reporting date. Transactions in foreign currencies are translated into Brunei Dollar at exchange rates prevailing on the transaction date. Translation differences are dealt with through profit or loss.

Non-monetary assets and liabilities measured at cost in a foreign currency are translated using exchange rates at the date of the transaction.

## **2.7. Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when AMBD has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

## **2.8. Gold**

Gold is a long-term investment revalued at market price on the balance sheet date, in which revaluation gains are transferred to the Revaluation Reserve. Any revaluation loss on gold balances should be expensed to the extent there is no revaluation surplus in the revaluation reserve.

## **2.9. Cash and cash equivalents**

Cash and cash equivalents comprise of balances with less than one year maturity from the date of acquisition, consisting of cash and balances with banks and other financial institutions. Breakdown of the maturity period of cash deposits varies from 1 month up to 12 months (note 22 under sub-heading Liquidity Risk).

## **2.10. 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.

## **2.11. Currency in circulation**

Under section 16 of the Currency and Monetary (Amendment) Order, 2010, the external assets of the Currency Fund shall at all times be not less than 100 per cent of the face value of the Currency In Circulation.



The assets and liabilities of the Currency Fund as at 31 December 2011 are as follow:

External Assets:	<b>B\$'000</b>
Gold	136,014
Securities	685,727
Derivative	693
Cash & Cash Equivalent	1,755,874
	2,578,308
<b>Less:</b>	
Active currency in circulation	1,689,987
Currency held by AMBD	-
	1,689,987
	888,321

## 2.12. Distribution of profits

The earnings available for distribution shall be determined under Section 8 of the Autoriti Monetari Brunei Darussalam 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.

Within 3 months after the end of every financial year, AMBD shall allocate the distributable earnings as follows:

- a) 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;

- b) 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.

### 2.13. New accounting standards and interpretations published

As of the financial reporting date, certain new standards, amendments and interpretations to existing accounting standards have been published but are not effective for financial periods commencing 1 January 2011.

None of these are expected to have a significant effect on the financial statements of AMBD.

### 3. Gold, property, plant and equipment

	Gold B\$'000	Buildings B\$'000	Furniture, fixtures & fittings B\$'000	Motor vehicles B\$'000	Office equipment, computers & machinery B\$'000	Total B\$'000
<b>Cost</b>						
At 1 January 2011	-	-	-	-	-	-
Additions	150,074	13	12	94	442	150,635
Revaluation	(14,060)	-	-	-	-	(14,060)
Disposals	-	-	-	-	-	-
Transfer from BCMB	-	39,781	415	100	3,205	43,501
At 31 December 2011	136,014	39,794	427	194	3,647	180,076
<b>Accumulated depreciation</b>						
At 1 January 2011	-	-	-	-	-	-
Depreciation charge for the year	-	466	19	3	337	825
Impairments	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer from BCMB	-	23,116	314	100	1,210	24,740
At 31 December 2011	-	23,582	333	103	1,547	25,565
<b>Carrying amount</b>						
At 1 January 2011	-	-	-	-	-	-
At 31 December 2011	136,014	16,212	94	91	2,100	154,511

#### 4. Securities

	<b>2011</b>
	<b>B\$'000</b>
Government debt securities	425,762
Corporate debt securities	76,331
Sukuk	129,665
Equity securities	53,969
	<b>685,727</b>

#### 5. Receivable from Government of Brunei Darussalam

Receivable from Government of Brunei Darussalam comprises of the balance due from the paid-up capital amounting B\$1,000,000,000, out of which B\$700,000,000 was already received by AMBD in January 2011.

#### 6. 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 BCMB 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 BCMB (as a depository) under IMF Account No. 1, IMF Account No. 2 and IMF Securities Account. The deposits represented the Domestic Currency Portion amounting to SDR201,730,037 of Brunei Darussalam's Quota Subscription payment to IMF.

Effective 1 January 2011, on the commencement of AMBD Order 2010, all assets and liabilities under BCMB were transferred to AMBD. Effectively this includes all asset held and liabilities with IMF.

The IMF account is as detailed below:

<b>ASSETS</b>	<b>2011</b>
	<b>B\$'000</b>
Foreign currency investment and claims:	
IMF quota subscription	429,737
LESS	
IMF No.1 currency account	(93,466)
IMF securities account	(323,194)
Currency valuation adjustment account	14,226
Reserve Tranche Position	27,303
ADD	
SDR holdings	432,248
Account receivable:	
Accrued remuneration on Brunei's reserve tranche position	3
Accrued interest on SDR holdings	132
IMF expenses on SDR allocation	3,215
	<b>462,901</b>
	.....
<b>LIABILITIES</b>	
IMF No.2 currency account	420
Currency valuation adjustment account No.2	(14)
IMF SDR allocation	406,380
IMF acc. exp. on SDR allocation	124
	<b>406,910</b>
	.....

## 7. Other assets

	<b>2011</b>
	<b>B\$'000</b>
Interest and dividend receivable	4,717
World Bank subscription	19,659
Other assets	12,982
	<b>37,358</b>
	.....

## 8. Cash and cash equivalents

Cash and cash equivalents with banks and other financial institutions consist of the following:

	<b>2011</b>
	<b>B\$'000</b>
Cash	598,206
Short-term deposit	1,939,185
	<b>2,537,391</b>

## 9. 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.

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

## 10. Reserve funds

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

- a) a Reserve Fund which shall not be used except for the purpose of covering losses sustained by AMBD;
- b) a currency valuation reserve fund which shall be used to account for realized and unrealized gains and losses arising from its positions with foreign currencies;
- c) a market valuation reserve fund which shall be used to account for unrealized gains and losses arising from its positions with gold, financial instrument and other assets; and
- d) such other funds as AMBD may determine.

## 11. Provisions

	<b>2011</b>
	<b>B\$'000</b>
Provision for staff cost	5,000
Provision for MCB	104,402
Provision for payable to Government of Brunei Darussalam	14,526
	<b>123,928</b>

The provision for salary comprises of the staff costs for the Government officers and staff who were seconded to BCMB for the year 2009-2010 and to AMBD for the year 2011. The provision for minimum cash balance (MCB) is the accumulated interest earned for the cash balances deposited with BCMB (before establishment of AMBD in 2011) by all banks and finance companies operating in Brunei Darussalam, as part of their regulatory requirements.

The provision for the amount payable to Government of Brunei Darussalam is as follows:

	<b>B\$'000</b>
Transfer of BCMB's reserve funds	12,941
Distributable profits for the year	1,585
	<b>14,526</b>

## 12. Currency in circulation

	<b>2011 B\$'000</b>
\$1	31,631
\$5	20,284
\$10	109,475
\$20	10,253
\$25	8,588
\$50	37,364
\$100	465,917
\$500	169,267
\$1,000	61,739
\$10,000	739,950
Other notes and coins	35,519
	<b>1,689,987</b>

## 13. Other liabilities

	<b>2011 B\$'000</b>
Accrued expenses	2,528
Deposits by international institutions	19,679
Other liabilities	53
	<b>22,260</b>

## 14. Deposit and balances of banks and other financial institutions

Deposits from banks and finance companies includes the minimum cash balances 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, 2001 represents statutory deposits as required under Section 27 of the SO 2001.

**15. Interest income**

	<b>2011</b>
	<b>B\$'000</b>
Interest from debt securities	15,122
Other interest income	2,423
	<u>17,545</u>

**16. Net gains/(losses) on financial assets**

	<b>2011</b>
	<b>B\$'000</b>
Debt securities	18,372
Equity	(4,168)
Foreign exchange	2,442
	<u>16,646</u>

On 1st January 2011, holdings which were transferred from BCMB to AMBD were revalued to their market price as at 31 December 2010. Prior to the year, BCMB records its holdings at lower of cost and fair value. The gain arose from this revaluation is transferred to revaluation reserve.

Below is the movement of holdings on 1st January 2011:

	<b>Debt</b>		
	<b>Securities</b>	<b>Equities</b>	<b>Total</b>
	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
Transferred from BCMB	584,441	45,854	<b>630,295</b>
Revaluation from lower of cost to marked-to-market :			
Realized market gain/loss	4,436	11,193	<b>15,629</b>
Unrealized market gain/loss	4,627	3,485	<b>8,112</b>
Realized currency gain/loss	-	-	-
Unrealized currency gain/loss	(287)	(3,672)	<b>(3,959)</b>
<b>Securities on 1st January 2011</b>	<u><b>593,217</b></u>	<u><b>56,860</b></u>	<u><b>650,077</b></u>

## 17. Other income

Other income is inclusive of the following:

	<b>2011</b>
	<b>B\$'000</b>
Registry of international business companies	2,930
Registration and licensing of banks and financial institutions	1,913
Commemorative coins	126
Other income	4
	<u>4,973</u>

## 18. Other operating expenses

	<b>2011</b>
	<b>B\$'000</b>
Salaries and wages	4,200
Bonuses	670
Others staff costs	1,471
Depreciation	825
Other expenses	4,234
	<u>11,400</u>

## 19. Employee benefits

AMBD incentive scheme is a post-employment benefit plan under which AMBD 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 recognized as an employee benefits expense in the Statement of Comprehensive Income.



## 20. Financial assets and liabilities

### Accounting classifications and fair values

	Carrying amount	At fair value through profit or loss	Loans and receivables	Financial liabilities held at amortised cost
2011	B\$'000	B\$'000	B\$'000	B\$'000
<b>Financial assets</b>				
Securities	685,727	685,727	-	-
Derivative	693	693	-	-
Receivables from Brunei Govt.	300,000	-	300,000	-
Assets held with IMF	462,901	-	462,901	-
Other assets	37,358	-	37,358	-
Fixed deposit	120,015	-	120,015	-
Cash and cash equivalents with - Banks and other financial institutions	2,537,391	-	2,537,391	-
	<b>4,144,085</b>	<b>686,420</b>	<b>3,457,665</b>	<b>-</b>

	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
<b>Financial Liabilities</b>				
Currency in circulation	1,689,987	-	-	1,689,987
Payables to Government of Brunei Darussalam	56,412	-	-	56,412
Liabilities with IMF	406,910	-	-	406,910
Other Liabilities	22,260	-	-	22,260
Deposit and balances of - Banks and other financial institutions	975,492	-	-	975,492
	<b>3,151,061</b>	<b>-</b>	<b>-</b>	<b>3,151,061</b>

## 21. Fair value of financial assets and liabilities

	Level 1	Level 2	Level 3	Total
2011	B\$'000	B\$'000	B\$'000	B\$'000
Securities	556,062	129,665	-	685,727
Derivatives	-	693	-	693
Other Assets	37,358	-	-	37,358
	<b>593,420</b>	<b>130,358</b>	<b>-</b>	<b>723,778</b>

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 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.

## 22. Financial risk management

Exposure to credit, market, liquidity and operational risks arise in the normal course of AMBD's business. AMBD 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 AMBD, 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 AMBD.

Credit risk on securities held by AMBD 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:

	Note	2011 B\$'000
Securities	4	685,727
Derivatives		693
Other assets		37,358
Fixed deposit		120,015
Cash and cash equivalents with:		
- Central banks		-
- Banks and other financial institutions		2,537,391
		<b>3,381,184</b>

### *Liquidity risk*

Liquidity risk is the risk that AMBD 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.

AMBD's objective is to ensure that adequate liquidity is maintained at all times. AMBD 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, AMBD 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 AMBD's financial assets at the balance sheet dates into relevant maturity groupings based on the remaining period to the contractual maturity date:

	Up to 1 mth	1-3 mths	3-12 mths	1-5 years	> 5 yrs	Total
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Cash & cash equivalent	2,176,870	360,521	-	-	-	2,537,391
Fixed deposit	-	-	120,015	-	-	120,015
Derivative	-	693	-	-	-	693
Fixed Income	-	501	170,960	163,149	297,148	631,758
	<b>2,176,870</b>	<b>361,715</b>	<b>290,975</b>	<b>163,149</b>	<b>297,148</b>	<b>3,289,857</b>

### **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.

AMBD is exposed to market risk, as a consequence of its operations to deliver its policy objectives in the course of managing AMBD's balance sheet, 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 AMBD's investments, the diversification of AMBD'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. AMBD's balance sheet 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.

### **Sensitivity to interest rate risk**

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

	<b>Carrying Amount</b>
	<b>2011</b>
	<b>B\$'000</b>
Financial Assets:	
Securities	631,758
Fixed Deposits	120,015
Cash Equivalents	1,939,185
	<u>2,690,958</u>
Financial Liabilities	-
	<u><b>2,690,958</b></u>

The figures below show the effect on AMBD's fixed and floating rate instruments' income of a movement of +/- 10 basis points in interest rates as at 31 December 2011. These figures are generally reflective of AMBD's exposure over the financial year.

<b>Asset</b>	<b>+ 10 b.p. movement B\$'000</b>	<b>-10 b.p. movement B\$'000</b>
<b>Fixed-rate</b>		
Fixed Deposits and Cash Equivalents	250	(291)
Securities	(2,899)	2,899
<b>Floating-rate</b>		
Securities	100	(108)

### ***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. For all foreign currency denominated financial assets, AMBD fully hedges its exposure to foreign exchange risks.

### **23. New accounting standards and interpretations not yet adopted**

New accounting standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2011 have not been applied in preparing these financial statements. None of these is expected to have a significant impact on the financial statements.

AMBD has not assessed the impact of new accounting standards issued after the balance sheet date.

## **6. KEY EVENTS AND ACTIVITIES**



Official launching of AMBD on 10 January 2011



Signing Ceremony of Credit Bureau Software License & Consulting Agreement and Maintenance & Support Agreement between Autoriti Monetari Brunei Darussalam and Dun & Bradstreet International Ltd.





**AMBD Hari Raya Aidil Fitri Celebration**



Family Sports Day 2011

## Annex

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## Annex 1: Circulation of Brunei Notes

Denomination	Held by Banks in Brunei	Held Otherwise (Active Circulation)	Gross Circulation
\$1	733,337.50	30,853,346.50	31,630,743.00
\$5	750,696.00	19,485,544.00	20,284,375.00
\$10	7,759,140.00	99,011,680.00	109,474,620.00
\$20	370,850.00	9,873,050.00	10,252,680.00
\$25	455,550.00	8,131,012.50	8,587,962.50
\$50	2,853,650.00	33,121,225.00	37,364,275.00
\$100	63,061,800.00	345,157,549.00	465,917,249.00
\$500	12,885,000.00	132,773,250.00	169,267,250.00
\$1,000	2,012,000.00	53,518,500.00	61,738,500.00
\$10,000	81,660,000.00	651,810,000.00	739,950,000.00
<b>TOTAL (B\$)</b>	<b>172,542,023.50</b>	<b>1,383,735,157.00</b>	<b>1,654,467,654.50</b>

\*As of 31 December 2011

Source: Monetary Operations Department, AMBD

## Annex 2: Circulation of Brunei Coins

Denomination	Held by Banks in Brunei	Held Otherwise (Active Circulation)	Gross Circulation
1¢	2,916.81	477,217.78	480,134.59
5¢	5,855.79	2,269,352.66	2,275,208.45
10¢	7,729.45	6,239,291.85	6,247,021.30
20¢	11,767.40	8,365,274.00	8,377,041.40
25¢	0.00	82.25	82.25
50¢	12,681.50	8,390,844.50	8,403,526.00
\$1	0.00	79,285.00	79,285.00
\$2	0.00	7,776.00	7,776.00
\$2.50	0.00	755.00	755.00
\$3	0.00	20,853.00	20,853.00
\$5	0.00	156,685.00	156,685.00
\$10	0.00	325,385.00	325,385.00
\$20	0.00	382,090.00	382,090.00
\$25 (Jubilee)	0.00	196,475.00	196,475.00
\$30	0.00	93,991.00	93,991.00
\$50 (Jubilee)	0.00	489,400.00	489,400.00
\$100	0.00	972,700.00	972,700.00
\$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
<b>TOTAL (B\$)</b>	<b>40,950.95</b>	<b>35,478,708.04</b>	<b>35,519,658.99</b>

\*As of 31 December 2011

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	06-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	01-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	06-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	04-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	06-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	08-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	05-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	07-May-09	\$ 31,000,000	0.400	
	SERIES 25	19-Feb-09	91	21-May-09	\$ 60,000,000	0.390	
	SERIES 26	5-Mar-09	364	04-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	09-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	06-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	08-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	
	SERIES 38	8-Oct-09	91	07-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	04-Mar-10	\$ 43,000,000	0.390

YEAR	SERIES	ISSUANCE DATE	TENOR (DAYS)	MATURITY DATE	TOTAL	RENTAL YIELD (percent)
2010	<b>SERIES 42</b>	25-Mar-10	91	24-Jun-10	\$ 70,000,000	0.380
	<b>SERIES 43</b>	1-Apr-10	91	01-Jul-10	\$ 30,000,000	0.350
	<b>SERIES 44</b>	29-Apr-10	91	29-Jul-10	\$ 25,000,000	0.300
	<b>SERIES 45</b>	20-May-10	91	19-Aug-10	\$ 33,000,000	0.300
	<b>SERIES 46</b>	17-Jun-10	91	16-Sep-10	\$ 70,000,000	0.320
	<b>SERIES 47</b>	1-Jul-10	91	30-Sep-10	\$ 65,000,000	0.300
	<b>SERIES 48</b>	22-Jul-10	91	21-Oct-10	\$ 35,000,000	0.300
	<b>SERIES 49</b>	5-Aug-10	364	04-Aug-11	\$ 65,000,000	0.340
	<b>SERIES 50</b>	19-Aug-10	91	18-Nov-10	\$ 40,000,000	0.280
	<b>SERIES 51</b>	2-Sep-10	91	02-Dec-10	\$ 25,000,000	0.280
	<b>SERIES 52</b>	30-Sep-10	91	30-Dec-10	\$ 48,000,000	0.280
	<b>SERIES 53</b>	14-Oct-10	91	13-Jan-11	\$ 25,000,000	0.280
	<b>SERIES 54</b>	28-Oct-10	91	27-Jan-11	\$ 48,000,000	0.280
	<b>SERIES 55</b>	25-Nov-10	91	24-Feb-11	\$ 35,000,000	0.280
	<b>SERIES 56</b>	9-Dec-10	91	10-Mar-11	\$ 35,000,000	0.270
2011	<b>SERIES 57</b>	21-Apr-11	91	21-Jul-11	\$ 72,000,000	0.280
	<b>SERIES 58</b>	12-May-11	91	11-Aug-11	\$ 85,000,000	0.250
	<b>SERIES 59</b>	9-Jun-11	91	08-Sep-11	\$ 31,000,000	0.200
	<b>SERIES 60</b>	23-Jun-11	91	22-Sep-11	\$ 51,000,000	0.190
	<b>SERIES 61</b>	7-Jul-11	91	06-Oct-11	\$ 71,000,000	0.200
	<b>SERIES 62</b>	11-Aug-11	364	09-Aug-12	\$ 96,000,000	0.350
	<b>SERIES 63</b>	25-Aug-11	91	24-Nov-11	\$ 85,000,000	0.100
	<b>SERIES 64</b>	22-Sep-11	91	22-Dec-11	\$100,000,000	0.150
	<b>SERIES 65</b>	13-Oct-11	91	12-Jan-12	\$100,000,000	0.100
	<b>SERIES 66</b>	3-Nov-11	91	02-Feb-12	\$100,000,000	0.175
	<b>SERIES 67</b>	17-Nov-11	91	16-Feb-12	\$100,000,000	0.180
	<b>SERIES 68</b>	8-Dec-11	91	08-Mar-12	\$100,000,000	0.170
<b>TOTAL (B\$)</b>					<b>\$3,651,000,000</b>	

Source: Monetary Policy and Management Department, AMBD

## Annex 4: Central Bank Survey

Millions of Brunei Dollars	2010	Mar 2011	Jun 2011	Sep 2011	Dec 2011
Net Foreign Assets	1,552.018	1,687.249	1,677.689	1,618.727	2,697.548
Claims On Nonresidents	1,985.979	2,132.858	2,116.937	2,194.843	3,124.403
Liabilities To Nonresidents	-433.961	-445.608	-439.247	-576.116	-426.855
Claims on Other Depository Corporations	570.605	888.186	974.914	1,094.424	850.215
Net Claims On Central Government	-269.627	130.980	121.750	119.312	138.181
Claims On Central Government	0.825	300.833	300.768	300.763	300.769
Liabilities To Central Government	-270.452	-169.853	-179.017	-181.451	-162.588
Claims On Other Sectors	0.000	0.000	0.000	0.000	0.000
Claims On Other Financial Corporations	0.000	0.000	0.000	0.000	0.000
Claims On State and Local Government	0.000	0.000	0.000	0.000	0.000
Claims On Public Nonfinancial Corporations	0.000	0.000	0.000	0.000	0.000
Claims on Private Sector	0.000	0.000	0.000	0.000	0.000
Monetary Base	1,744.141	1,680.995	1,742.620	1,803.957	2,665.479
Currency In Circulation	1,023.711	949.855	942.144	915.199	1,689.987
Liabilities To Other Depository Corporations	720.430	731.140	800.476	888.758	975.492
Liabilities To Other Sectors	0.000	0.000	0.000	0.000	0.000
Other Liabilities To Other Depository Corporations	0.000	0.000	0.000	0.000	0.001
Deposits and Securities Other Than Shares Excluded From Monetary Base	0.000	0.000	0.000	0.000	0.000
Deposits Included In Broad Money	0.000	0.000	0.000	0.000	0.000
Securities Other Than Shares Included In Broad	0.000	0.000	0.000	0.000	0.000
Deposits Excluded From Broad Money	0.000	0.000	0.000	0.000	0.000
Securities Other Than Shares Excluded From Broad Money	0.000	0.000	0.000	0.000	0.000
Loans	0.000	0.000	0.000	0.000	0.000
Financial Derivatives	0.000	0.000	0.000	0.000	0.000
Shares and Other Equity	126.654	1,043.648	1,049.696	1,055.233	1,045.438
Other Items (Net)	-17.799	-18.228	-17.963	-26.727	-24.974

Source: Monetary Policy and Management Department, AMBD

Note: Central Bank refers to Autoriti Monetari Brunei Darussalam.



## Annex 5: Other Depository Corporations Survey

Millions of Brunei Dollars	2010	Mar 2011	Jun 2011	Sep 2011	Dec 2011
Net Foreign Assets	9,380.185	10,559.530	11,088.502	12,534.930	12,897.324
Claims On Nonresidents	9,806.035	10,849.551	11,350.335	12,741.749	13,098.103
Liabilities To Nonresidents	-425.850	-290.021	-261.833	-206.819	-200.778
Claims on Central Bank	922.505	885.003	954.245	1,039.261	1,833.578
Currency	199.257	153.667	153.719	150.454	858.928
Reserve Deposits And Securities Other than Shares	723.247	731.336	800.527	888.807	974.650
Other Claims On Central Bank	0.000	0.000	0.000	0.000	0.000
Net Claims On Central Government	-2,479.580	-2,731.127	-2,641.608	-4,160.291	-5,120.406
Claims On Central Government	208.638	64.928	299.028	351.626	495.659
Liabilities To Central Government	-2,688.218	-2,796.054	-2,940.636	-4,511.917	-5,616.064
Claims On Other Sectors	6,943.012	7,001.394	6,605.311	6,635.023	6,711.972
Claims On Other Financial Corporations	19.863	117.961	94.913	94.855	108.731
Claims On State and Local Government	0.000	0.000	0.000	0.000	0.000
Claims On Public Nonfinancial Corporations	84.679	74.051	35.984	21.806	107.915
Claims On Private Sector	6,838.470	6,809.382	6,474.414	6,518.362	6,495.326
Liabilities To Central Bank	533.237	849.180	931.770	1,075.607	700.218
Transferable Deposits Included In Broad Money	2,992.628	3,141.515	3,070.293	2,917.472	3,401.421
Other Deposits Included in Broad Money	8,755.903	9,047.315	9,361.085	9,386.069	9,603.675
Securities Other Than Shares Included in Broad Money	0.000	0.000	0.000	0.000	0.000
Deposits Excluded From Broad Money	0.000	0.000	0.000	0.000	0.000
Securities Other Than Shares Excluded From Broad Money	0.000	0.000	0.000	0.000	0.000
Loans	0.000	0.000	0.000	0.000	0.000
Financial Derivatives	0.000	0.000	0.000	0.000	0.000
Insurance Technical Reserves	0.000	0.000	0.000	0.000	0.000
Shares and Other Equity	1,932.389	1,972.831	2,019.403	2,040.554	2,073.247
Other Items (Net)	551.964	703.959	623.900	629.220	543.907

Source: Monetary Policy and Management Department, AMBD

Note: Other Depository Corporations consist of commercials banks, finance companies, and a trust fund.

## Annex 6: Other Financial Corporations Survey

Millions of Brunei Dollars	2010	Mar 2011	Jun 2011	Sep 2011	Dec 2011
Net Foreign Assets	722.704	694.960	755.022	740.389	735.311
Claims On Nonresidents	733.594	706.649	777.004	757.150	752.431
Liabilities To Nonresidents	-10.889	-11.689	-21.982	-16.761	-17.120
Claims on Other Depository Corporations	269.198	301.390	261.403	247.559	265.152
Net Claims On Central Government	-1.519	-2.832	-9.307	-7.985	-10.637
Claims On Central Government	1.645	0.606	0.516	0.119	10.892
Liabilities To Central Government	-3.164	-3.438	-9.823	-8.104	-21.529
Claims On Other Sectors	63.654	65.735	64.154	61.089	58.581
Claims On State and Local Government	0.000	0.000	0.000	0.000	0.000
Claims On Public Nonfinancial Corporations	4.048	4.330	4.789	3.653	0.860
Claims on Private Sector	59.606	61.405	59.365	57.436	57.721
Deposits	8.623	15.995	0.000	0.000	0.000
Securities Other Than Shares	0.000	0.000	0.000	0.000	0.000
Loans	72.362	72.362	73.196	73.121	73.087
Financial Derivatives	0.000	0.000	0.000	0.000	0.000
Insurance Technical Reserves	614.062	667.912	556.108	542.192	558.938
Shares and Other Equity	338.424	298.230	412.439	394.593	391.393
Other Items (Net)	20.567	4.755	29.530	31.146	24.989

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 remittances companies, and money changing companies.

## Annex 7: Monetary Aggregates and Broad Money Components

Millions of Brunei Dollars	2010	Mar 2011	Jun 2011	Sep 2011	Dec 2011
<b>Monetary Aggregates</b>					
M0	1,023.711	949.855	942.144	915.199	1,689.987
Money	3,817.082	3,937.703	3,858.719	3,682.217	4,232.481
Quasi Money	8,755.903	9,047.315	9,361.085	9,386.069	9,603.675
Broad Money	12,572.985	12,985.018	13,219.804	13,068.286	13,836.156
<b>Broad Money Components</b>					
Currency outside banks	824.454	796.188	788.426	764.744	831.059
Demand deposits	2,992.628	3,141.515	3,070.293	2,917.472	3,401.421
Money	3,817.082	3,937.703	3,858.719	3,682.217	4,232.481
Fixed deposits, savings & other deposits	8,755.903	9,047.315	9,361.085	9,386.069	9,603.675

Source: Monetary Policy and Management Department, AMBD



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