



اوتوريټي مونيتاري بروني دارالسلام  
AUTORITI MONETARI BRUNEI DARUSSALAM

ANNUAL REPORT

2015



ءوتوريٲي مونيتاري بروني دارالسلام

AUTORITI MONETARI BRUNEI DARUSSALAM

**ANNUAL REPORT**

**2015**

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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



Brunei Darussalam continues to experience a challenging global and domestic economic environment in 2015. Weakness in the hydrocarbon industry, coupled with falling energy prices, have significantly affected government revenue. Price pressures in the country remained modest, particularly against the backdrop of declining commodity prices worldwide and the appreciation of the Brunei Dollar. On this note, policymakers need to stay vigilant in ensuring continued macroeconomic stability while boosting growth prospects towards achieving Wawasan 2035.

AMBD, as the regulator and supervisor of the domestic financial sector, must ensure that financial institutions remain prudent and financial intermediation channels much needed funds to real economic activities. This year, AMBD, in collaboration with the Ministry of Finance, has laid down the groundwork for the establishment of a domestic stock exchange which will enable the general public to finance the growth of local companies.

At the same time, the level of financial literacy must keep up with the pace of financial development in the country. The inaugural AMBD Day was held in May 2015, focusing on encouraging a savings culture and prudent financial management. It was also declared at the event that 28 May is to be National Savings Day. Work to develop a financial literacy roadmap is underway, to enable Bruneians to maximize their financial welfare.

Looking ahead, the country's monetary policy based on the Currency Board Arrangement (CBA) will continue to play a key role in domestic macroeconomic management. The Currency Interchangeability Agreement (CIA) between Brunei Darussalam and the Republic of Singapore has been mutually beneficial and it underpins our deep, enduring political friendship. Alhamdulillah, I am most pleased to note that the CIA will be celebrating its 50th anniversary in 2017 and this is a testament that the CIA has withstood the test of time with all its vagaries.

To close, I would like to express my heartfelt appreciation and gratitude to the Board of Directors, management, and all the staff of AMBD for their steadfast efforts and unwavering commitment during the year. It is my pleasure to present the AMBD Annual Report 2015.

وبالله التوفيق والهداية، والسلام عليكم ورحمة الله وبركاته



# FOREWORD

by Managing Director

This Annual Report provides a detailed account of the monetary and financial sectors in 2015, which is hoped to serve as a useful reference to our readers.

Brunei Darussalam's economy has continued to face difficulties amidst the decline in global commodity prices. Such challenging times serve to further incentivise the national economic diversification efforts towards achieving Wawasan 2035. The domestic financial sector will continue to provide a supportive role for these efforts while advancing forward to become a modern, progressive and efficient 21st century financial system. Over the course of the year, the financial sector continued to maintain its robustness and soundness with notable growth in bank lending by 7.6%, coupled with Financial Soundness Indicators that remain at healthy levels.

The financial infrastructure of Brunei Darussalam continues in its process of modernisation and improvement. The Payment and Settlement Systems (Oversight) Order, Payment and Settlement Systems (Finality and Netting) Order, and Bills of Exchange (Amendment) Order were enacted on 15 May 2015. These Orders act as the three pillars providing a legislative foundation for the modernisation of the nation's payment and settlement systems. Furthermore, the Credit Bureau of AMBD signed a Memorandum of Understanding with the Department of Electrical Services, Prime Minister's Office and DST Communication Sdn Bhd. The MoU provides additional information from these non-financial entities that enables banks to more accurately assess borrowers' credit worthiness.

Financial literacy continues to be a key focus area for AMBD. Findings from the Centre for Strategic and Policy Studies (CSPS) research paper on financial literacy in Brunei Darussalam, commissioned by AMBD, suggest a lack of financial knowledge in the country with 34% of households not having a budget and 60% of households unable to cover two months of expenses if they lost their income. This highlights the need for further efforts to ensure that the public is well-informed and able to make wise financial decisions. Towards this, 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, Chairman of AMBD, launched the AMBD Smartphone Application during the AMBD Day to disseminate information amongst the public regarding licensed financial institutions, financial scams, financial advice as well as the roles and functions of AMBD. As part of AMBD's financial literacy efforts, the Minah Cermat's Smart Investment Series (1-8) was published in local newspapers as well as the AMBD Smartphone Application. A Financial Scams Awareness Short Video Competition was also held with the winning entries being published in the AMBD Smartphone Application. These efforts illustrate the commitment AMBD has to continuously improve the financial literacy of the general public, in order to ensure the long-term financial wellbeing of Brunei Darussalam's residents.

To conclude, I would like to express my utmost appreciation to His Royal Highness, the Chairman, as well as to the Board of Directors for their astute advice and commitment to ensure AMBD achieves the highest standards of excellence. I would also take this opportunity to thank all AMBD personnel for their tireless efforts and continued dedication towards achieving AMBD's objectives.

**Awang Yusof bin Haji Abd Rahman**



## MEMBERS OF THE BOARD OF DIRECTORS



### CHAIRMAN

His Royal Highness Prince Haji Al-Muhtadee Billah ibni  
His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin  
Waddaulah

The Crown Prince and Senior Minister at the Prime  
Minister's Office

# MEMBERS OF THE BOARD OF DIRECTORS



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



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



**Yang Berhormat**  
**Dato Paduka Awang Haji**  
**Ali bin Apong**  
*Minister of Primary*  
*Resources and Tourism*



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



**Yang Mulia**  
**Dato Paduka Awang Haji**  
**Hisham bin Haji Mohd**  
**Hanifah**  
*Deputy Minister, Ministry of*  
*Finance*



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



**Yang Mulia**  
**Awang Haji Hamzah bin**  
**Haji Sulaiman**  
*Permanent Secretary*  
*(Economy and Finance) at*  
*the Prime Minister's Office*



**Yang Mulia**  
**Awang Yusof bin**  
**Haji Abd Rahman**  
*Managing Director of AMBD*



# FINANCIAL STABILITY COMMITTEE

## Chairman

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

## Deputy Chairman

**Yang Berhormat Dato Paduka Awang Haji Ali bin Apong**  
*Minister of Primary Resources and Tourism*

## Members

- i) **Yang Mulia Dato Paduka Awang Haji Mohd Roselan bin Haji Mohd Daud**  
*Deputy Minister at the Prime Minister's Office*
- ii) **Yang Mulia Dato Paduka Awang Haji Hisham bin Haji Mohd Hanifah**  
*Deputy Minister, Ministry of Finance*
- iii) **Yang Arif Dato Seri Setia Haji Awang Metussin bin Haji Baki**  
*Syariah High Court Judge*
- iv) **Yang Mulia Awang Yusof bin Haji Abd Rahman**  
*Managing Director, AMBD*
- v) *Deputy Managing Director (Regulatory and Supervision Department), AMBD*
- vi) **Yang Mulia Awang Haji Adi Marhain bin Haji Leman**  
*Assistant Managing Director (Monetary Operations), AMBD*

## Secretariat

**Regulatory and Supervision Department, AMBD**

**Monetary Policy and Management Division, Monetary and Investment Department, AMBD**



# MONETARY POLICY COMMITTEE

## Chairman

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

## Deputy Chairman

**Yang Berhormat Dato Paduka Awang Haji Ali bin Apong**  
*Minister of Primary Resources and Tourism*

## Members

- i) **Yang Mulia Dato Paduka Awang Haji Mohd Roselan bin Haji Mohd Daud**  
*Deputy Minister at the Prime Minister's Office*
- ii) **Yang Mulia Dato Paduka Awang Haji Hisham bin Haji Mohd Hanifah**  
*Deputy Minister, Ministry of Finance*
- iii) **Yang Arif Dato Seri Setia Haji Awang Metussin bin Haji Baki**  
*Syariah High Court Judge*
- iv) **Yang Mulia Awang Haji Nazmi bin Haji Mohammad**  
*Permanent Secretary (Administration and International), Ministry of Finance*
- v) **Yang Mulia Awang Yusof bin Haji Abd Rahman**  
*Managing Director, AMBD*
- vi) **Yang Mulia Awang Haji Abdul Amin bin Haji Hisham**  
**Or Yang Mulia Pengiran Hajah Rosnah binti Pengiran Haji Damit (Acting)**  
*Director General, Department of Economic Planning and Development*
- vii) **Yang Mulia Awang Sofian bin Mohammad Jani (Acting) [Alternate Member]**  
*Assistant Managing Director, Brunei Investment Agency*
- viii) *Deputy Managing Director (Monetary and Investment), AMBD*

## Secretariat

Economics and Statistics Unit, Monetary Policy and Management Division,  
Monetary and Investment Department, AMBD

# **AUDIT COMMITTEE**

## Chairman

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

## Members

- i) **Yang Mulia Awang Haji Azhar bin Haji Ahmad**  
*Permanent Secretary, Ministry of Communication*
- ii) **Yang Mulia Awang Haji Zakaria bin Haji Serudin**  
*Permanent Secretary, Ministry of Health*
- iii) **Yang Mulia Dayang Hajah Norlia binti Haji Kula**  
*Acting Accountant General, Treasury Department, Ministry of Finance*

## Secretariat

Internal Audit Unit, AMBD



# INVESTMENT ADVISORY COMMITTEE

## Chairman

**Yang Mulia Awang Haji Khairuddin bin Haji Abd Hamid**  
*Deputy Permanent Secretary (Investment), Ministry of Finance*

## Deputy Chairman

**Yang Mulia Awang Yusof bin Haji Abd Rahman**  
*Managing Director, AMBD*

## Members

- i) **Yang Mulia Awang Junaidi bin Haji Masri**  
*Acting Managing Director, Brunei Investment Agency*
- ii) **Yang Mulia Dayang Zakiah binti Haji Nayan**  
*Deputy Director, Brunei Investment Agency*

## Secretariat

**Yang Mulia Assistant Managing Director (Monetary Operations), AMBD**

**Yang Mulia Executive Director (Reserve Investment and Payment & Settlement Systems), AMBD**



# RISK MANAGEMENT COMMITTEE

## Chairman

**Yang Mulia Awang Haji Hamzah bin Haji Sulaiman**  
*Permanent Secretary (Economy and Finance) at the Prime Minister's Office*

## Members

- i) **Yang Mulia Awang Yusof bin Haji Abd Rahman**  
*Managing Director, AMBD*
- ii) **Yang Mulia Awang Haji Azhar bin Haji Ahmad**  
*Permanent Secretary, Ministry of Communications*
- iii) **Yang Mulia Awang Haji Zakaria bin Haji Serudin**  
*Permanent Secretary, Ministry of Health*
- iv) **Yang Mulia Dayang Hajah Norliah binti Haji Kula**  
*Acting Accountant General, Treasury Department, Ministry of Finance*

## **Observer**

**Yang Mulia Dayang Siti Nur Afiqah binti Dato Paduka Colonel (B) Haji Joharie**

*Head of Unit (Internal Audit Unit), AMBD*

## **Secretariat**

**Risk Management Unit, AMBD**

## **Note:**

1. **Yang Mulia Awang Haji Hamzah bin Haji Sulaiman was appointed as a member of the Board on 1 January 2016.**
2. **Yang Mulia Dayang Norliah binti Haji Kula was appointed as a member of the Audit Committee on 4 February 2016.**
3. **Yang Mulia Awang Ahmaddin bin Haji Abdul Rahman served as a member of the Audit Committee from November 2014 to December 2015.**
4. **Yang Mulia Awang Haji Khairuddin bin Haji Abdul Hamid was appointed as the Chairman of the Investment Advisory Committee on 11 February 2016.**
5. **Yang Mulia Dato Paduka Awang Haji Hisham bin Haji Mohd Hanifah served as the Chairman of the Investment Advisory Committee from June 2012 to February 2016.**
6. **Yang Mulia Awang Haji Abu Bakar bin Haji Ibrahim served as a member of the Investment Advisory Committee from January 2011 to February 2016.**
7. **Yang Mulia Awang Haji Adi Marhain bin Haji Lemah served as a member of the Investment Advisory Committee from January 2011 to February 2016.**



# MANAGEMENT TEAM

- 1. Yang Mulia Awang Yusof bin Haji Abd Rahman**  
*Managing Director of AMBD*
- 2. Yang Mulia Awang Haji Adi Marhain bin Haji Leman**  
*Assistant Managing Director (Monetary Operations Division), Monetary and Investment Department*
- 3. Yang Mulia Dayang Hajah Rashidah binti Haji Sabtu**  
*Acting Assistant Managing Director (Regulatory and Supervision Division); Executive Director (Banking and Specialised Market Supervision Unit), Regulatory and Supervision Department*
- 4. Yang Mulia Dayang Hajah Sufinah binti Haji Sahat**  
*Executive Director (Account and Finance Unit), Corporate Affairs Division*
- 5. Yang Mulia Awang Mardini bin Haji Eddie**  
*Executive Director (Reserve Investment and Payment & Settlement System), Monetary Operations Division, Monetary and Investment Department*
- 6. Yang Mulia Dayang Hajah Mahani binti Haji Mohsin**  
*Executive Director (International Section), International, Policy Research & Strategic Development Unit*
- 7. Yang Mulia Dayang Hajah Nuralia binti Haji Abd Rahim**  
*Head of Unit (Financial Intelligence Unit)*
- 8. Yang Mulia Dayang Hajah Siti Norishan binti Haji Abdul Ghafor**  
*Principal Counsel (Legal Affairs Unit) and AMBD Board of Directors Corporate Secretary*
- 9. Yang Mulia Awang Haji Mohd Shukri bin Haji Ahmad**  
*Principal Syariah Advisor (Islamic Financial Advisory Unit), Regulatory and Supervision Department*
- 10. Yang Mulia Dayang Suriati binti Haji Mohamad Taib**  
*Executive Director (Centre for Islamic Banking, Finance and Management Section), International, Policy Research & Strategic Development Unit*
- 11. Yang Mulia Pengiran Maslina binti Pengiran Haji Mahmud**  
*Acting Executive Director (Currency Management, Mint, Currency Design and Gallery Unit), Monetary Operations Division, Monetary and Investment Department*
- 12. Yang Mulia Dayang Irene Yap Tsue Ing**  
*Head of Unit (Economic and Statistics Unit), Monetary Policy and Management Division, Monetary and Investment Department*
- 13. Yang Mulia Awang Mohammad Soffean bin Haji Junaidi**  
*Head of Unit (Human Resource Unit), Corporate Affairs Division*
- 14. Yang Mulia Awang Mohammad Roaizan bin Haji Johari**  
*Head of Unit (Credit Bureau Unit), Regulatory and Supervision Department*

15. **Yang Mulia Awang Haji Mohd Khairul Zaki bin Haji Mohidin**  
*Head of Unit (Information Technology Unit), Corporate Affairs Division*
16. **Yang Amat Mulia Pengiran Anak Hajah Siti Radhiah binti Pengiran Maharaja Lela Sahibul Kahar Pengiran Anak Haji Mohd Yusof**  
*Head of Unit (Financial Consumer Protection Unit), Regulatory and Supervision Department*
17. **Yang Mulia Awang Muhamad Yusri bin Dato Paduka Haji Abdul Majid**  
*Head of Unit (Risk Management Unit)*
18. **Yang Mulia Dayang Hajah Rafezah binti Haji Abd Rahman**  
*Head of Unit (Takaful/Insurance Unit), Regulatory and Supervision Department*
19. **Yang Mulia Dayangku Hajah Faadzilah Hilalul Fatimah binti Pengiran Dato Paduka Haji Abu Bakar**  
*Head of Unit (Capital Market Unit), Regulatory and Supervision Department*
20. **Yang Mulia Dayang Hajah Nurhuaida Fakhriah binti Haji Damit**  
*Head of Unit (Monetary Management Unit), Monetary Policy and Management Division, Monetary and Investment Department*
21. **Yang Mulia Dayang Siti Nur Afiqah binti Dato Paduka Colonel (B) Haji Joharie**  
*Head of Unit (Internal Audit Unit)*
22. **Yang Mulia Awang Haji Othman bin Haji Mohd Salleh**  
*Head of Unit (Administration Unit), Corporate Affairs Division*
23. **Yang Mulia Dayang Noor Izzah binti Haji Abu Bakar**  
*Head of Unit (Registry Section), International, Policy Research & Strategic Development Unit*

**Note:**

1. **Yang Mulia Dayang Hajah Lily binti Haji Kula served as Deputy Managing Director (Regulatory) from 3 June 2013 to 12 December 2015.**





**Front row (from left to right):**

Awang Haji Mohd Shukri bin Haji Ahmad; Dayang Hajah Nuraila binti Haji Abd Rahim; Dayang Hajah Sufinah binti Haji Sahat; Awang Haji Adi Marhain bin Haji Leman; Awang Yusof bin Haji Abd Rahman (Managing Director); Dayang Hajah Rashidah binti Haji Sabtu; Dayang Hajah Mahani binti Haji Mohsin; Dayang Hajah Siti Norishan binti Haji Abdul Ghafor; Dayang Suriati binti Haji Mohamad Taib

**Back row (from left to right):**

Dayang Hajah Rafezah binti Haji Abd Rahman; Dayangku Hajah Faadzilah Hilalul Fatimah binti Pengiran Dato Paduka Haji Abu Bakar; Dayang Noor Izzah binti Haji Abu Bakar;  
 Dayang Siti Nur Afiqah binti Dato Paduka Colonel (B) Haji Joharie; Dayangku Ami Aiffah binti Dato Paduka Haji Abd Hamid; Dayang Hajah Nurhuida Fakhriah binti Haji Damit;  
 Dayang Irene Yap Tsue Ing; Pengiran Maslina binti Pengiran Anak Hajah Siti Radhiah binti Pengiran Maharaja Lela Sahibul Kahar Pengiran Anak Haji Mohd Yusof; Awang Mardini bin Haji Eddie; Awang Mohammad Soffean bin Haji Junaidi; Awang Haji Mohd Khairul Zaki bin Haji Mohidin; Awang Muhammad Yusri bin Dato Paduka Haji Abdul Majid;  
 Awang Mohammad Roaizan bin Haji Johari; Awang Haji Othman bin Haji Mohd Salleh

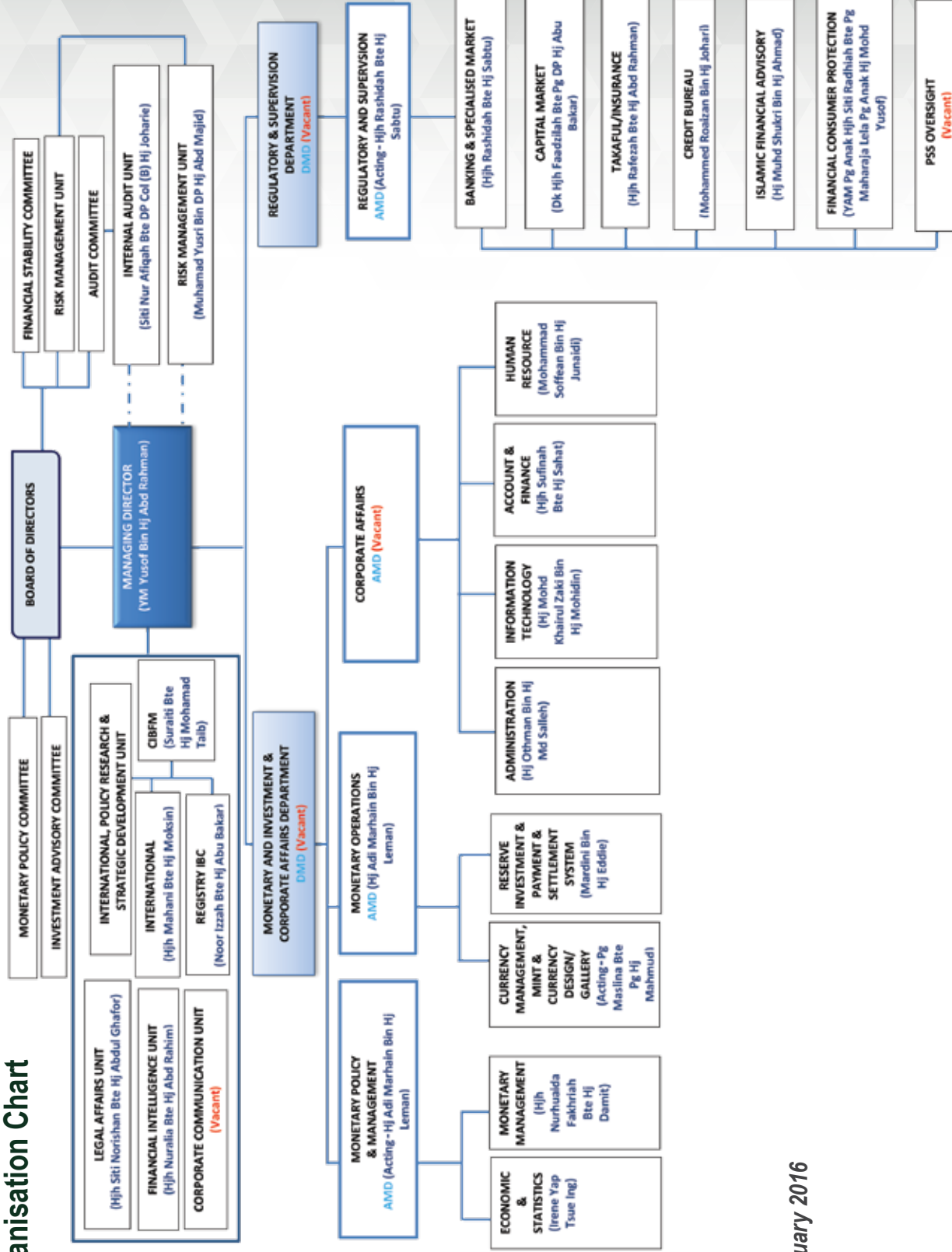


# ORGANISATIONAL STRUCTURE



اؤتوريتي مونيتاري بروني دارالسلام  
AUTORITI MONETARI BRUNEI DARUSSALAM

## Chart 1: Organisation Chart



As of 25 February 2016

# 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.



**01**

**Global  
Economic  
Review**



Developed and emerging market economies experienced strong headwinds during 2015 that had kept global economic activity subdued. The global economy is forecasted to have grown by 3.1% (International Monetary Fund), a modest decline from the 3.4% economic growth achieved in 2014. The slowdown in global economic growth came despite a forecasted growth acceleration in advanced economies from 1.8% in 2014 to 2.0% in 2015 as emerging markets and developing economies fall further below their potential growth. The latter are expected to have grown by 4.0% in 2015, down significantly from 4.6% in 2014.

The US economy managed to grow by 2.4% in 2015, unchanged from the previous year but remains one of the fastest growing advanced economies. Economic growth last year was driven primarily by real consumer spending as households' purchasing power was boosted by growing employment, modest real wage gains, and low oil prices. The increase in hiring managed to push the unemployment rate down to 5.0% by the end of 2015 and the momentum in the labour market points to further declines in the unemployment rate towards pre-global financial crisis lows. Throughout 2015, tentative signs of a tightening labour market emerged but this has yet to be translated into higher inflation. Despite this, the Federal Reserve deemed that the medium term outlook of inflation was in line with their target level and in the final month of 2015, the Federal Open Market Committee took the first step in normalising interest rates by marginally increasing the Federal Funds Rate band by 25 basis points.

While policy discussions in the US were dominated by when and how much monetary policy should be tightened, the European Central Bank (ECB) in the Eurozone took the opposite direction. In the face of declining inflation and inflation expectations, coupled with mediocre economic growth, the ECB during the beginning of the year made the decision to initiate their own quantitative easing (QE) programme. The QE programme was initially planned to last until September 2016 but with inflation and inflation expectations still benign, the ECB decided to extend the programme to March 2017 while pledging to do whatever it can to push inflation back up to their target level. In 2015, the Eurozone managed an economic growth of 1.5%, a modest improvement from the 1.1% economic growth achieved in 2014.

In China, efforts continued to maneuver the economy to a new normal of slower but higher quality growth. The Chinese economy grew by 6.9% in 2015, a fall from the 7.3% growth attained the year before. For many economies, such a growth rate would be considered a success, but for China, it represents a 25 year low. To cushion the economy from a hard landing, the People's Bank of China (PBoC) loosened monetary policy quite aggressively throughout 2015 by cutting their policy rates and reserve requirement ratios in addition to devaluing the Yuan. This was in tandem with increased fiscal spending by the Chinese Government. The impact of these policies on real economic activity is yet to be seen but increased volatility in the financial markets were observed partly as result of the policy actions taken. During the later parts of 2015, the IMF agreed to include the Chinese Renminbi in the Special Drawing Right (SDR) basket of currencies.

Japan's economic growth for 2015 returned to positive territory as it grew by 0.4% compared to the 0.1% contraction in 2014. Japan benefited largely from declines in oil and gas prices but industrial and manufacturing activity were weighed down by weak external demand, in particular from China. Inflation also declined quite rapidly in 2015 after a one-off spike the year before due to the increase in the sales tax. Despite the increased possibility of the Japanese economy falling into stagflation, the Bank of Japan resisted making any significant policy changes throughout 2015 and only slightly tweaked their existing QE programme.

The ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand, and Vietnam) grew by 4.7% in 2015, up from 4.6% in 2014, which was satisfactory given the strong headwinds faced by the ASEAN-5 region in the form of weak external demand, low commodity prices, and country specific issues. Singapore, on the other hand, managed an economic growth of 2.4% in 2015, a touch softer than the 2.9% growth achieved in 2014.





**02**

# **Economy of Brunei Darussalam**





Brunei Darussalam's Real Gross Domestic Product (GDP) for 2015 contracted by 0.6%. At current prices, GDP was estimated at BND 17.8 billion compared to BND 21.7 billion in 2014.

The Oil and Gas Sector was estimated to have contracted by 0.2% y-o-y, driven by an estimated 1.1% contraction in the Oil and Gas Mining sector. The non-Oil and Gas sector was also estimated to have contracted by 1.0% y-o-y, due to significant decreases in Government Services by 5.6%.

The inflation rate in Brunei Darussalam for 2015 was -0.4%. The main contributors to the decrease in the consumer price index were the Transportation (-3.5%), Clothing & Footwear (-3.4%) and Education (-2.6%) indices.

During the 11th Legislative Council Meeting held in March 2015, a Government budget of BND 5.7 billion for the financial year 2015/2016 was announced, marking a drop of BND 280 million from the approved budget for 2014/2015. The allocation of budget has not changed from previous years where half of the development budget was allocated to the provision of public facilities such as sewage treatment, drainage improvement, clean water and electricity supply; and also on implementation of projects on education, health, national housing and human resources. Approximately 30% of the development budget has been allocated to the transportation and communications sector – for projects on roads, telecommunication and civil aviation; and improving the industry and trade sector.

Exports for Brunei Darussalam in 2015 stood at BND 8,716.9 million, a 35.1% decrease from the figures shown in 2014. The value of oil exports and LNG exports declined by 42.0% and 28.8% respectively. Imports also decreased by 8.2% in 2015 to BND 4,180.7 million, due to decreases in imports of Mineral Fuels and Machinery & Transport Equipment.

The Brunei Dollar depreciated by 6.9% against the US Dollar, ending at BND 1.42 to USD 1.00 in 2015. Comparing the Brunei Dollar's performance against the currencies of major trading partners, the Brunei Dollar depreciated by 6.5% against the Japanese Yen and 2.3% against the Chinese Yuan. However, it appreciated by 12.8% against the Malaysian Ringgit, 2.2% against the Thai Baht and 0.6% against the Korean Won.

| <b>Table 1: Economy of Brunei Darussalam<sup>1</sup></b>            |                             |                               |                             |                               |                                      |
|---|-----------------------------|-------------------------------|-----------------------------|-------------------------------|--------------------------------------|
| <b>Items</b>  | <b>2014</b>                 |                               | <b>2015</b>                 |                               | <b>Percentage change</b>             |
|   | <b>Amount (BND Million)</b> | <b>Market share (Percent)</b> | <b>Amount (BND Million)</b> | <b>Market share (Percent)</b> |                                      |
| <b>Real Gross Domestic Product</b>                                  | <b>18,701.1</b>             |                               | <b>18,598.1</b>             |                               | <b>-0.6</b>                          |
| Oil & Gas Sector  | 10,999.5                    | 58.8                          | 10,972.9                    | 59.0                          | -0.2                                 |
| Non - Oil & Gas Sector  | 7,701.6                     | 41.2                          | 7,625.2                     | 41.0                          | -1.0                                 |
| <b>Exports</b>  | <b>13,432</b>               |                               | <b>8,717</b>                |                               | <b>-35.1</b>                         |
| Crude Oil   | 5,616                       | 41.3                          | 3,255                       | 37.3                          | -42.0                                |
| LNG   | 6,816                       | 51.2                          | 4,855                       | 55.7                          | -28.9                                |
| Others  | 1,000                       | 7.5                           | 607                         | 7.0                           | -39.3                                |
| <b>Imports</b>  | <b>4,556</b>                |                               | <b>4,181</b>                |                               | <b>-8.2</b>                          |
| Food and Live Animals   | 616                         | 13.5                          | 610                         | 14.6                          | -1.0                                 |
| Beverages and Tobacco   | 65                          | 1.4                           | 69                          | 1.7                           | 6.2                                  |
| Crude Material Inedible Except Fuel                                 | 44                          | 1.0                           | 55                          | 1.3                           | 25.0                                 |
| Mineral Fuels, Lubricants and Related Materials                     | 463                         | 10.2                          | 270                         | 6.5                           | -41.7                                |
| Vegetable Oils and Animal Fats                                      | 19                          | 0.4                           | 17                          | 0.4                           | -10.5                                |
| Chemicals   | 385                         | 8.5                           | 323                         | 7.7                           | -16.1                                |
| Manufactured Goods by Materials                                     | 685                         | 15.0                          | 954                         | 22.8                          | 39.3                                 |
| Machinery and Transport Equipments                                  | 1,755                       | 38.5                          | 1,486                       | 35.5                          | -15.3                                |
| Miscellaneous Manufactured Articles                                 | 501                         | 11.0                          | 382                         | 9.1                           | -23.8                                |
| Miscellaneous Transactions and Commodities Not Elsewhere Classified | 25                          | 0.5                           | 15                          | 0.4                           | -40.0                                |
| <b>Total Trade</b>  | <b>17,988</b>               |                               | <b>12,898</b>               |                               | <b>-28.3</b>                         |
| <b>Consumer Price Index</b>   | <b>100.4</b>                |                               | <b>100.0</b>                |                               | <b>-0.4</b>                          |
| <b>Exchange Rate</b>  | <b>2014</b>                 |                               | <b>2015</b>                 |                               | <b>Percentage change<sup>2</sup></b> |
| BND/unit of US Dollar   | 1.3260                      |                               | 1.4179                      |                               | 6.9%                                 |
| BND/100 units of Japanese Yen                                       | 1.1074                      |                               | 1.1794                      |                               | 6.5%                                 |
| BND/100 units of Korean Won   | 0.1215                      |                               | 0.12072                     |                               | -0.6%                                |
| BND/100 units of Malaysian Ringgit                                  | 37.901                      |                               | 33.0330                     |                               | -12.8%                               |
| BND/100 units of Thai Baht  | 4.0238                      |                               | 3.9370                      |                               | -2.2%                                |

Source: Economics and Statistics Unit, AMBD

<sup>1</sup>GDP figures, as released by the Department of Economic Planning and Development (JPKE) have been revised using 2010 as the base year to replace the 2000-based series.

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

**03**

# **Monetary Sector Developments**

*Money Supply | 11*  
*Brunei Government Sukuk Al-Ijarah | 13*



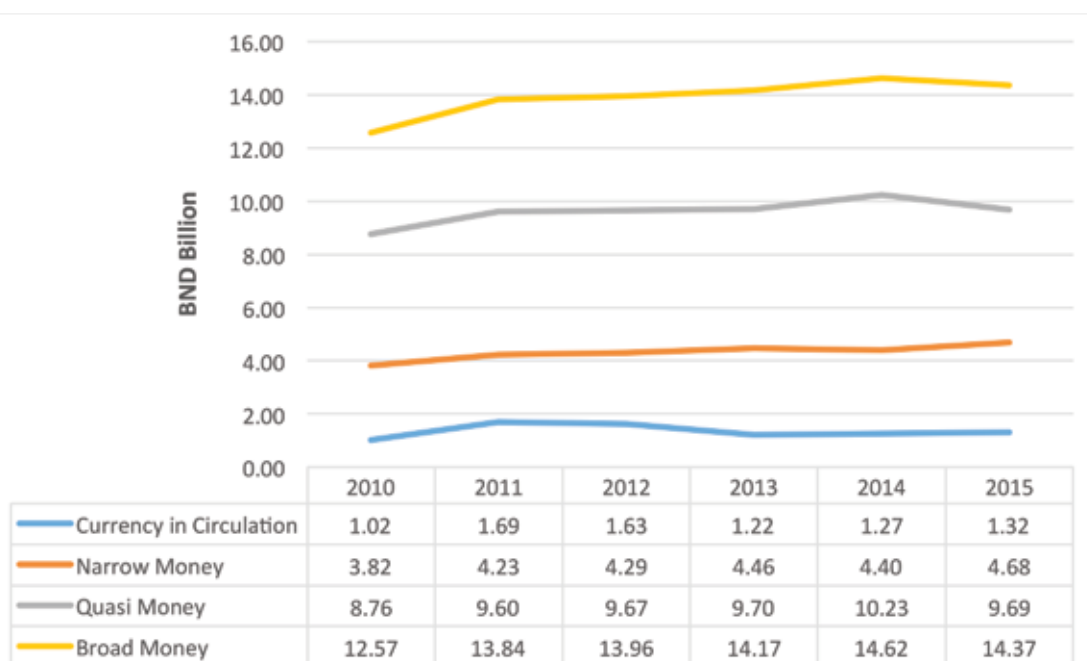
### 3.1 MONEY SUPPLY

In 2015, Broad Money<sup>3</sup> (M2) fell 1.8% y-o-y to BND 14.4 billion. Quasi Money<sup>4</sup> stood at BND 9.7 billion, reflecting a decrease of 5.3% due to a decrease in savings and fixed deposits in foreign currency by households. Narrow Money<sup>5</sup> (M1) rose 6.4% to BND 4.7 billion due to an increase in demand deposits by households and private entities.

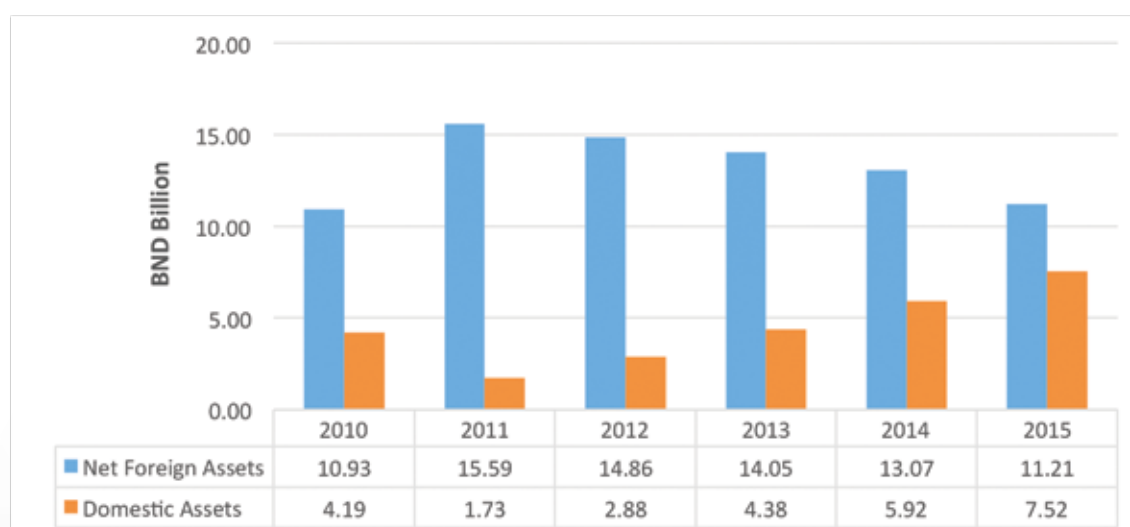
Brunei Darussalam's net foreign assets of the depository corporations<sup>6</sup> fell 14.2% y-o-y to BND 11.2 billion in 2015 mainly due to maturity of fixed deposits abroad. Meanwhile, domestic claims<sup>7</sup> increased 27.1% y-o-y to BND 7.5 billion, largely due to a decrease in government deposits with the banks.

**Chart 2: Money Supply**

#### Liabilities



#### Assets



Source: Economics and Statistics Unit, AMBD

<sup>3</sup>Broad money is referring to Narrow Money plus Quasi Money.

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

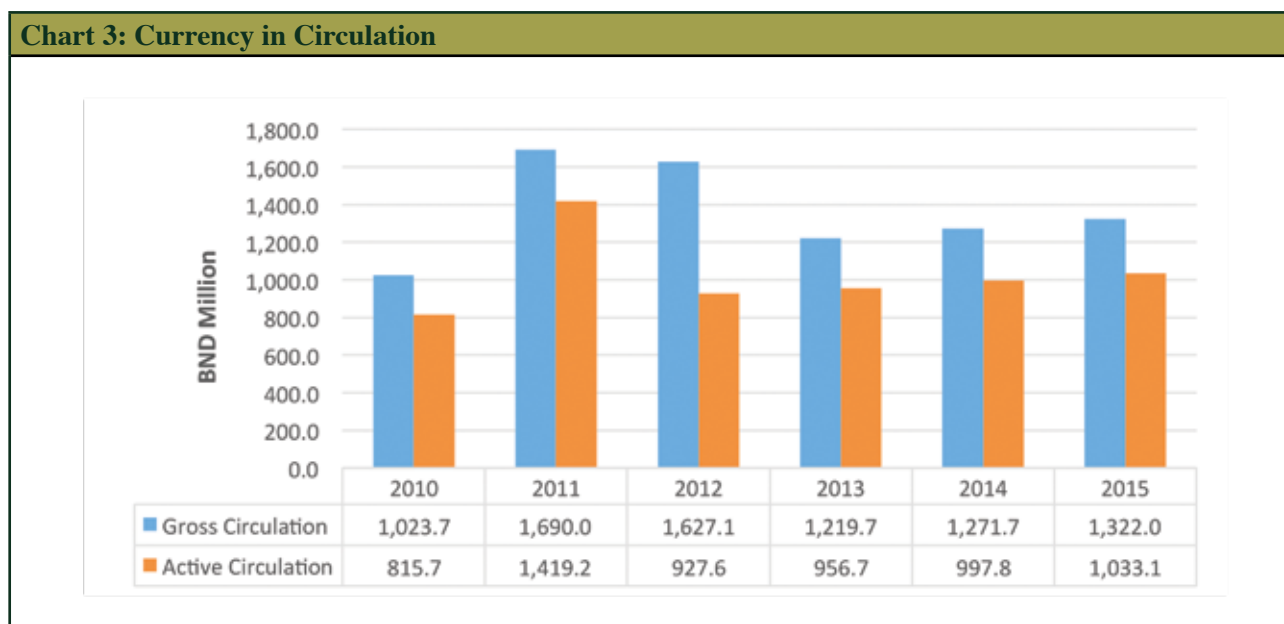
<sup>5</sup>Narrow money is referring to Currency outside Banks plus Demand Deposits of Private Sector.

<sup>6</sup>Depository Corporations consist of Central Bank and Other Depository Corporations

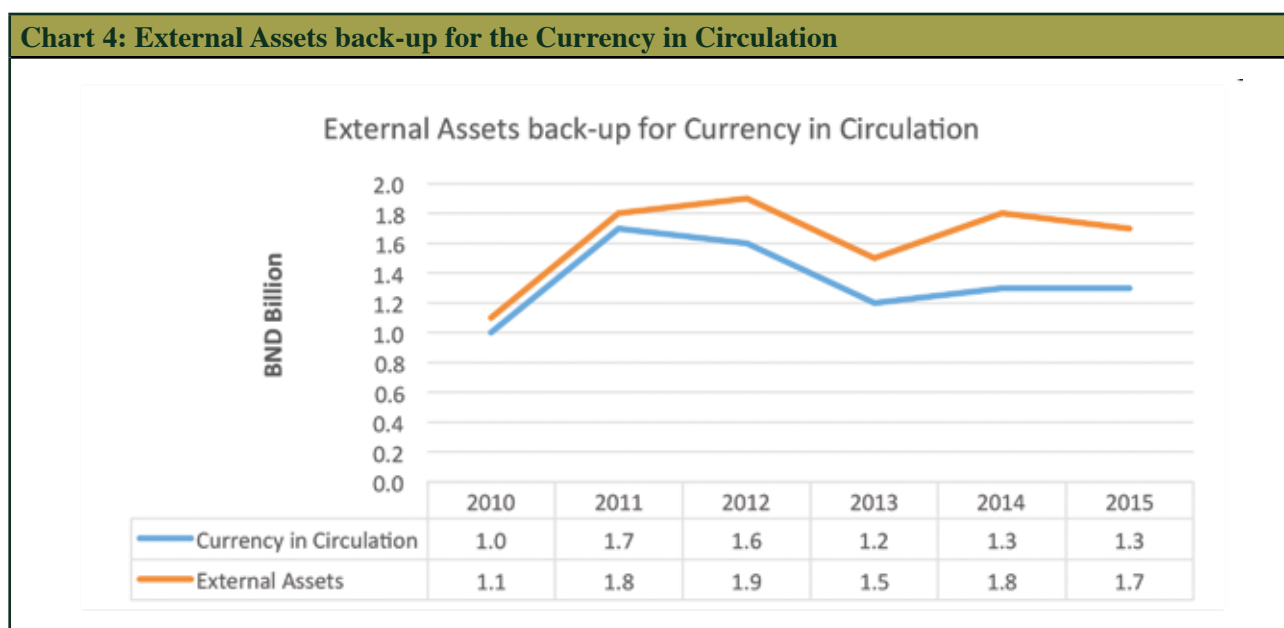
<sup>7</sup>Claims on Other Sectors consist of Claims on Private Sector, Public Nonfinancial Corporations and Other Nonfinancial Corporations

## Currency in Circulation

Gross Currency in Circulation at the end of 2015 was recorded at BND 1.32 billion, a 3.96% increase from the previous year. The active currency in circulation<sup>8</sup> also increased by 3.54% over the same period to BND 1.03 billion. Meanwhile the external assets for the currency back-up stood at BND 1.70 billion as at end 2015, providing 128.5% coverage to the currency in circulation.



Source: Currency Management Unit, AMBD



Source: Currency Management Unit, AMBD and Reserve Investment Unit, AMBD

<sup>8</sup>Active circulation does not include commemorative coins, cash holdings of commercial banks in Brunei Darussalam and Brunei currency held by Monetary Authority of Singapore (MAS) pending repatriation.

### 3.2 BRUNEI GOVERNMENT SUKUK AL-IJARAH

In 2015, AMBD, as the agent to the Brunei Government on matters pertaining to the issuance and administration of the Brunei Government Sukuk Al-Ijarah, issued a total of 11 Brunei Government Sukuk Al-Ijarah. Among the 11 series issued, two series had a tenor of 364 days, two series had a tenor of 273 days, three series had a tenor of 182 days with the remainder having a tenor of 91 days. This brings the total amount of the Brunei Government Sukuk Al-Ijarah issued to BND 9.255 billion with an outstanding amount of BND 525 million as at the end of 2015.

| <b>Table 2: Brunei Government Sukuk Al-Ijarah Issuances</b> |                         |                 |                 |                 |   |                                       |                 |                 |                 |
|---|-------------------------|-----------------|-----------------|-----------------|---|---------------------------------------|-----------------|-----------------|-----------------|
| <b>Year</b>   | <b>No. of issuances</b> |                 |                 |                 | <b>Total value of issuances (BND Million)</b> | <b>Average rental yield (Percent)</b> |                 |                 |                 |
|   | <b>91 days</b>          | <b>182 days</b> | <b>273 days</b> | <b>364 days</b> |   | <b>91 days</b>                        | <b>182 days</b> | <b>273 days</b> | <b>364 days</b> |
| <b>2006</b>   | 4                       | -               | -               | -               | 570   | 3.375                                 | -               | -               | -               |
| <b>2007</b>   | 6                       | -               | -               | 1               | 450   | 2.506                                 | -               | -               | 2.300           |
| <b>2008</b>   | 10                      | -               | -               | 2               | 374   | 0.831                                 | -               | -               | 1.325           |
| <b>2009</b>   | 16                      | -               | -               | 2               | 617   | 0.339                                 | -               | -               | 0.475           |
| <b>2010</b>   | 14                      | -               | -               | 1               | 649   | 0.300                                 | -               | -               | 0.340           |
| <b>2011</b>   | 11                      | -               | -               | 1               | 991   | 0.181                                 | -               | -               | 0.350           |
| <b>2012</b>   | 14                      | -               | -               | 1               | 1,500   | 0.180                                 | -               | -               | 0.280           |
| <b>2013</b>   | 12                      | 1               | 2               | 1               | 1,579   | 0.171                                 | 0.180           | 0.195           | 0.200           |
| <b>2014</b>   | 7                       | 4               | 3               | 1               | 1,500   | 0.170                                 | 0.215           | 0.313           | 0.250           |
| <b>2015</b>   | 4                       | 3               | 2               | 2               | 1,025   | 0.698                                 | 0.873           | 0.695           | 0.915           |
| <b>Total</b>  | <b>98</b>               | <b>8</b>        | <b>7</b>        | <b>12</b>       | <b>9,255</b>                                  |                                       |                 |                 |                 |

Source: Monetary Management Unit, AMBD



**SALE OF POLYMER NOTES UNCUT BLOCK  
IN CONJUNCTION WITH THE 69TH BIRTHDAY OF  
HIS MAJESTY THE SULTAN AND YANG DI-PERTUAN OF BRUNEI DARUSSALAM**

In conjunction with the 69<sup>th</sup> birthday celebration of His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah Ibni Al-Marhum Sultan Haji Omar 'Ali Saifuddien Sa'adul Khairi Waddien, Sultan and Yang Di-Pertuan of Negara Brunei Darussalam, Autoriti Monetari Brunei Darussalam issued Polymer Notes of denominations BND 1 and BND 10 in the form of "Uncut Block".

The details are as follows:

| <b>Denomination<br/>(BND)</b> | <b>Face Value<br/>(BND)</b> | <b>Quantity<br/>(Unit)</b> | <b>Selling Price<br/>(BND/Unit)</b> |
|-------------------------------|-----------------------------|----------------------------|-------------------------------------|
| 1.00                          | 3.00                        | 200                        | 40.00                               |
| 1.00                          | 8.00                        | 200                        | 100.00                              |
| 10.00                         | 30.00                       | 200                        | 70.00                               |
| 10.00                         | 80.00                       | 200                        | 200.00                              |

**BND 1 UNCUT BLOCK (3 PIECES AND 8 PIECES)**

**Main security features of the note:**

**Complex Clear Window**

The Sultan Omar Ali Saifuddien Mosque and the ceremonial barge from the complex clear window design incorporates a shadow image and vignette of the number '1'.

**G - Switch Feature**

Dynamic optical feature alternates between gold and blue when viewed at varying angles.

**Shadow Image**

His Majesty's portrait, initials "HB" and a section of the mosque design will appear when the banknote is raised to the light.

**See Through Feature**

A flower design is formed through the combination of front and back printing in perfect registration when the note is held up to the light.

**Offset**

Complex fine line background security patterns in multiple rainbow printing with fluorescing elements illuminate under ultra violet light.

**Intaglio**

Multicolour raised fine line printing of His Majesty's portrait, red Crest of Brunei Darussalam, the flower design and surrounding text.

**Braille Feature**

Raised printing of the Braille '1' for the visually impaired.

### Fluorescing Serial Number

Vertical and horizontal serial numbers on the front are printed in varying size which fluoresce yellow/green under ultra violet light.

### Year of Issue 2013

### DILLENIA SUFFRUTICOSA (SIMPUR)

*Dillenia suffruticosa* is locally known as Simpur Bini, Simpoh Air, Buan (Iban), Tegering Abai (Murut), and Dingring Kala'o (Belait).

This species is native to the tropical and sub-tropical South Asia, Australasia and the Indian Ocean islands.

This species is commonly found in secondary forests or in undisturbed forests, such as at river banks, and in heath forests. In Brunei Darussalam, it can be found in Telisai, Bukit Udal, Tasek Merimbun, Rambai, Andulau, and Sungai Liang.

This species is a large shrub which can grow up to 10 metres in height and produces yellow flowers. It has leaves which measures 20 x 10 centimetres and are elliptic-obovate shaped with toothed margin and the apex are more or less rounded. The fruits are covered by sepals which are reddish in colour and will split open into star-shaped segments when fully ripe where each segment contains a seed that is red in colour.



The Simpur flower buds are used in traditional medicine such as for treating wounds. The fruits can be used to wash hair. The large and wide leaves are often used to wrap foods such as fermented rice (tapai), fermented soybean (tempe) and rice. The leaves and roots can be used to treat inflammation, itchiness, stomach ache, and recovery after giving birth.

The flower which emerges from the sturdy stem symbolizes the unity of Islam and the Government. It is also synonymous with the people of Brunei Darussalam who have the ability to thrive in whatever circumstances.

The yellow colour of the flower is the colour of royalty.

The flowers of this species have five yellow petals and a whitish stigma which gives the symbol of tradition and the Government of Brunei Darussalam.

As a symbolic point of view, the five petals pointing upwards symbolizing the five pillars of Islam and every morning the flower will swell up which symbolizes hands spreading to pray to Allah.

*Source: Department of Agriculture and Agrifood, Ministry of Primary Resources and Tourism*

## **BND 10 UNCUT BLOCK (3 PIECES AND 8 PIECES)**

### **Main security features of the note:**

#### **Complex Clear Window**

The Jame' Asr Hassanil Bolkihah mosque forms the complex clear window design incorporating a shadow image and vignette of the number '10'.

#### **G - Switch Feature**

Dynamic optical feature alternates between gold and magenta when viewed at varying angles.

#### **Shadow Image**

His Majesty's portrait, initials "HB" and a section of the mosque design will appear when the banknote is raised to the light.

#### **See Through Feature**

A flower design is formed through the combination of front and back printing in perfect registration when the banknote is held up to the light

#### **Offset**

Complex fine line background security patterns in multiple rainbow print with fluorescing elements illuminate under ultra violet light.

#### **Intaglio**

Multicolour raised fine line printing of His Majesty's portrait, red Crest of Brunei Darussalam, the flower design and surrounding text.

#### **Braille Feature**

Raised printing of the Braille '10' for the visually impaired.

### **Fluorescing Serial**

Vertical and horizontal serial numbers on the front are printed in varying sizes which fluoresce yellow/green under ultra violet light.

### **Year of Issue 2013**

### **COSMOS CAUDATUS (RANCAH-RANCAH)**

Cosmos Caudatus is locally known as Rancah-Rancah.

This species is native to Latin America and the West Indies but has spread throughout the rest of South East Asia.

This species can be found growing on sandy loam in full sun.

This species is an erect herbaceous plant up to 1.7 metres tall with a few branches. The stems are angular and covered with sparse stiff hairs. Its leaves are ovate shaped. Its flowers when matured are purplish-yellow in colour.

These plants can be propagated through seeds which are produced once the flower matures.

The young leaves and shoots can be consumed as salads. It can also be used to treat gaseous stomach and mild gastric pain.

*Source : Department of Agriculture and Agrifood, Ministry of Primary Resources and Tourism*





# 04

# Financial Sector Developments

|   |   |
|---|---|
|   | <i>Banking</i>   24                               |
|   | <i>Finance Companies</i>   27                     |
|   | <i>Access to Finance</i>   27                     |
|   | <i>Insurance and Takaful</i>   28                 |
|   | <i>Capital Market</i>   31                        |
|   | <i>Specialised Market</i>   32                    |
|   | <i>Islamic Financial Services</i>   35            |
| <i>Anti-Money Laundering and Countering Financing of Terrorism (AMF/CFT) Matters</i>   37 |   |
|   | <i>Financial Consumer Protection</i>   42         |
|   | <i>Financial Infrastructure Enhancements</i>   43 |



Brunei Darussalam's financial system consists of a dual financial system comprising Islamic and conventional financial institutions. Total assets of the key financial institutions as at year end 2015 were BND 20.7 billion; of which 82.0% was attributed to the banking sector.

| <b>Table 3: Total Assets of the Major Classes of Financial Institutions in Brunei Darussalam</b><br>(Unaudited figures) |                              |                      |                                 |
|---|------------------------------|----------------------|---------------------------------|
| Financial Institutions Regulated by AMBD  | 2015                         |                      |                                 |
|   | No of Financial Institutions | Amount (BND Billion) | Share of Total Assets (Percent) |
| <b>Deposit Taking Institutions</b>  | <b>13</b>                    | <b>19.3</b>          | <b>92.7</b>                     |
| Banks including Perbadanan TAIB   | 8                            | 17.0                 | 82.0                            |
| Conventional  | 6                            | 8.1                  | 39.1                            |
| Islamic   | 2                            | 8.9                  | 42.9                            |
| Finance Companies   | 3                            | 2.2                  | 10.4                            |
| Offshore Banks  | 2                            | 0.1                  | 0.7                             |
| <b>Other Licensed Financial Institutions</b>  | <b>13</b>                    | <b>1.4</b>           | <b>6.8</b>                      |
| Insurance Companies & Takaful   | 13                           | 1.4                  | 6.6                             |
| Conventional  | 9                            | 1                    | 4.6                             |
| Takaful   | 4                            | 0.4                  | 2.0                             |
| <b>Total Assets</b>   | <b>26</b>                    | <b>20.7</b>          | <b>100.0</b>                    |

Source: Banking Supervision Unit, AMBD & Takaful/Insurance Unit, AMBD

## Regulatory Developments

| <b>Table 4: Recent Developments in the Financial Sector in 2015</b> |                                       |
|---|---------------------------------------|
| Notice No.  | Notice Title                          |
| BS/N-1/2015/30  | Total Debt Service Ratio              |
| BS/N-2/2015/31  | Unsecured Personal Credit Facility    |
| BS/N-3/2015/32  | Unsecured Personal Financing Facility |
| BS/N-4/2015/33  | Consolidation Loan Scheme             |
| BS/N-5/2015/34  | Consolidation Financing Scheme        |
| BS/N-6/2015/35  | Service Fees/Charges                  |
| 1/2012  | Credit Cards                          |

Source: Banking Supervision Unit, AMBD

On 28 May 2015, AMBD issued several Regulatory Notices as shown in Table 4 above, which aimed to reduce household debt as a source of vulnerabilities to the socio-economy as a whole, with reference to the following guiding principles:-

- i) To inculcate responsible and ethical lending practices by financial institutions in their dealings with individual customers;
- ii) To promote responsible lending and borrowing behaviours to foster a healthy and sustainable credit market which in turn contributes to economic and financial stability; and
- iii) To further strengthen the protection of consumers' interests.



The key features of the Regulatory Notices, which became effective from 8 June 2015, included the following:-

- i) Banks (including Perbadanan TAIB for the purpose of this report) offering Unsecured Personal Credit/Financing Facilities were given more capacity to increase their personal credit portfolio from 30% to 40% of total credit facilities, thereby increasing the opportunities for consumers to obtain personal credit;
- ii) Banks offering Unsecured Personal Credit/Financing Facilities were allowed to offer facilities at a higher limit of 18 times of the borrower's net monthly salary at a maximum tenure of 6 years;
- iii) The increase in credit entitlement for Unsecured Personal Credit/Financing Facilities was also introduced alongside some control mechanisms such as the introduction of a maximum monthly TDSR (Total Debt Service Ratio) to all customers applying for a credit/financing facility. This TDSR limits an individual's monthly debt obligation as a percentage of net monthly income and at the same time ensures that there is sufficient disposable income for the borrower's daily living expenses and hence acts as a tool to allow borrowers to manage their debt more efficiently. The maximum TDSR set by AMBD is at 60% for borrowers with a minimum net salary of BND 1,750.00 and above. Below this salary range, borrowers are subject to the individual financial institutions' internal policy on TDSR. Financial institutions are required to ensure that customers will not be over-burdened with monthly instalments on credit/financing facilities;
- iv) The Notice also contains elements for consumer protection, such as the following:-
  - a) The Notice also allows banks and Perbadanan TAIB to offer a Consolidation Loan/Financing Scheme, which aims to assist heavily indebted borrowers with significant monthly debt obligations. Subject to meeting the required set of criteria, this scheme allow borrowers to consolidate their existing debt obligations into one payment and thus to have a lower monthly repayment obligation overall;
  - b) Borrowers are required to purchase an insurance/takaful protection policy for every new and restructured (top-up) facility which provides protection to the borrower in the event of death and/or total permanent disability;
  - c) Certain fees such as Early Settlement Fees and Restructuring/top-up fees are capped to allow customers to settle early or reschedule without unnecessary financial burden. Fees related to issuances of Certificate of Balance and Clearance letters are also capped to allow customers to move to their preferred banks, without incurring high fees; and
  - d) The Notice also required relevant financial institutions to be more transparent and provide maximum disclosure on all fees and charges imposed on products and services to their customers. Measures also include providing a Loan/Financing Repayment Schedule upon approval of a new Credit/Financing facility. These measures are aimed at encouraging better management of personal debt and increasing the level of financial literacy among the public.

On 28 October 2015, as part of its on-going commitment to provide a stable and healthy consumer finance market, AMBD amended several of its Regulatory Notices. These amendments served to relax certain conditions relating to unsecured personal credit/ financing facility and credit cards, including the following:-

- i. Allowing certain additional income streams to be included in the definition of Net Monthly Income for the working population; and
- ii. Banks were also allowed to offer credit cards without the precondition of borrowers assigning their salary or placing a fixed deposit under lien to the credit card issuing bank.

As part of AMBD's ongoing commitment to the development of a sound and progressive financial sector, a review of the continuing need for several existing regulations was conducted. On 8 September 2015, AMBD withdrew the directives issued on December 2004 and October 2006 to finance companies, which required customers to place a deposit of a minimum of 12.5% of the vehicle price (approved by the Department of Economic Planning and Development (JPKE), Prime Minister's Office) for any vehicle financing facility.

## **Other Developments**

### **Adoption of International Financial Reporting Standards (IFRS)**

In 2015, AMBD has moved to enhance its supervisory framework with the update of the financial reporting returns in accordance with IFRS for the 2015 year end. Following the consent of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam, the Brunei Darussalam Accounting Standards Council (BDASC) prescribed under the Accounting Standards Order (ASO), 2010 that the country adopt International Financial Reporting Standards. Accordingly, all financial institutions were required to fully adopt IFRS effective from 1 January 2014.

### **Legislative Changes**

A new provision has been introduced (consistent with the Banking Order) in 2015 that gives the Authority the power to compound offences under the Insurance Order, 2006 and Takaful Order, 2008 respectively. As a result, the amount of fines were raised and new fines were introduced for certain offences.

### **Enactment of the Securities Markets Regulations, 2015**

The Securities Markets Regulations, 2015 (SMR) came into force on 1 February 2015 whereas the Securities Markets (Compoundable Offences) Regulations, 2015 and the Securities Markets (Fees) Regulations, 2015 were enacted on 12 January 2015. The SMR contains supporting provisions to the Securities Markets Order, 2013 (SMO) for the regulation of financial services and markets and to ensure the organized, safe, fair and efficient operation of markets; and to protect the rights and interests of investors. The Securities Markets (Compoundable Offences) Regulations, 2015 and the Securities Markets (Fees) Regulations, 2015 supplement the SMO in terms of listing out the compoundable offences and specifying the application and annual fees for the licences and other matters. The enactment of these regulations signifies a key milestone for the development of legal and regulatory framework for capital market industry in Brunei Darussalam. It also marks the commencement of transitional period whereby all regulated persons including relevant licence holders must comply with the legislations and regulations.

## Signatory to the International Organization of Securities Commissions (IOSCO) Multilateral Memorandum of Understanding (MMOU)

As a result of the enactment of the SMR, AMBD was also able to complete its reapplication to become a full signatory to the IOSCO MMOU, which was approved in November 2015. The official signing of the IOSCO MMOU is scheduled to be held in March 2016, after the SMO and SMR comes into full effect at the end of January 2016. Becoming a full signatory to the MMOU will enable enhanced cooperation and information sharing between securities authorities whom are signatories to the MMOU. The IOSCO MMOU also forms part of the prerequisites for a number of ASEAN capital market initiatives e.g. the ASEAN Collective Investment Schemes (CIS) Framework.

### The Establishment of Stock Exchange Project

AMBD, the Ministry of Finance and other relevant stakeholders have commenced work on the establishment of the Brunei Darussalam stock exchange. AMBD, as the Secretariat to the Steering Committee for the Establishment of the Stock Exchange and as member to the Working Group, with assistance from the Stock Exchange Expert, has been actively working on the project, particularly in laying out the necessary groundwork which includes the formulation and review of rules and regulations, preparation of the operations and infrastructure and promotion and education to the public and other relevant stakeholders.

#### 4.1 BANKING

The banking sector continued to be resilient in the challenging environment of the aftermath of the global financial crisis and declining oil prices, showing an asset base of BND 17.0 billion as at 2015. This resilience is achieved through the continuous effort of strengthening regulations and supervision, which is critical for ensuring financial stability and public confidence in the domestic financial system. Overall, the key financial soundness indicators were maintained at healthy levels, showing strong capital and high liquidity levels. The assets quality of the banks has improved through strong risk management systems which has resulted in sustained earnings, although there has been a marginal reduction in profitability as a result of prudent provisioning.

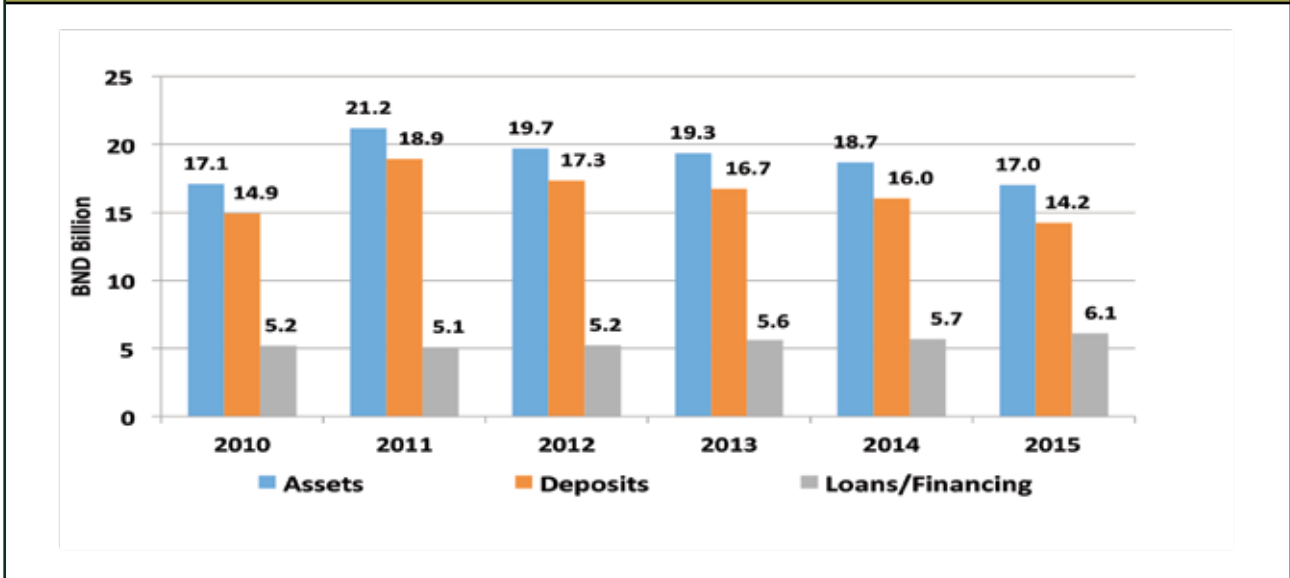
**Table 5: Banking: Selected Financial Soundness Indicators for Banks**  
(Unaudited figures)

| Financial Soundness Indicator, Percent  | 2014  | 2015 |
|---|-------|------|
| <b>Capital Adequacy</b>   |       |      |
| Regulatory Capital to Risk Weighted Assets                                      | 21.4  | 21.1 |
| Tier 1 Capital to Risk weighted Assets  | 21.8  | 22.5 |
| Non Performing Loans/Financing (Net of Specific Provisions) to Capital Funds    | 6.1   | 4.8  |
| <b>Assets Quality</b>   |       |      |
| Non Performing Loans to Gross Loans (Exclude Interest in Suspense)              | 4.9   | 4.6  |
| Net Non Performing Loans/Financing (Net of provisions) to Gross Loans/Financing | 2.3   | 1.7  |
| Provision Coverage (Specific Provisions to Total NPLFs)                         | 53.8  | 62.8 |
| <b>Profitability</b>  |       |      |
| Return on Assets (Before Tax)   | 1.4   | 1.4  |
| Return on Equity (After Tax)  | 10.2  | 9.5  |
| Efficiency Ratio  | 49.1  | 50.5 |
| <b>Liquidity</b>  |       |      |
| Liquid Assets to Total Assets   | 53.8  | 45.6 |
| Liquid Assets to Total Deposits   | 62.7  | 54.4 |
| Liquid Assets to Demand and Savings Deposits (Non bank customers)               | 121.9 | 93.0 |
| Loans/Financing to Deposits Ratio   | 35.6  | 42.9 |

Source: Banking Supervision Unit, AMBD

Overall, the assets and deposits of the banking system have declined by 8.9% from BND 18.7 billion in 2014 to BND 17.0 billion in 2015 and 11.0% from BND 16.0 billion in 2014 to BND 14.2 billion in 2015 respectively. The fall in assets is mainly due to the decrease in placements with banks and financial institutions abroad by 24.0%. On the other hand, the decline in deposits is mainly due to decrease in Government deposits. Loans/financing recorded a positive growth of 7.6% from BND 5.7 billion in 2014 to BND 6.1 billion in 2015.

**Chart 5: Banking: Assets, Deposits and Loans/Financing (Unaudited figures)**



Source: Banking Supervision Unit, AMBD

Household debt continued to be the predominant sector at 50.7% of total loans/financing with personal loans/financing still representing the largest sector at 27.3%.

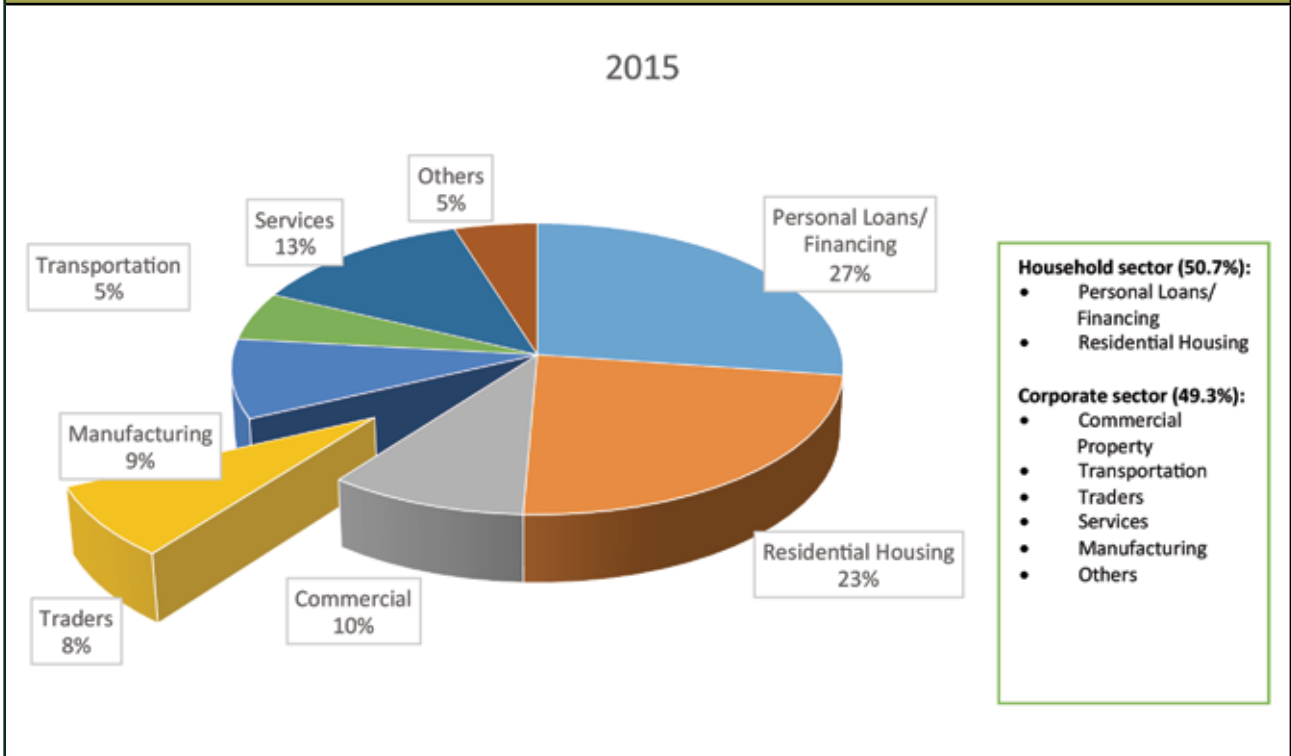
There is a positive growth in corporate sector of 10.8%, a point of noteworthy in 2015 which is primarily due to the services and manufacturing sectors.

**Table 6: Banking: Distribution of Loans/Financing (Unaudited figures)**

| Sector  | 2014                 |                            | 2015                 |                            | Percentage % change |
|---|----------------------|----------------------------|----------------------|----------------------------|---------------------|
|   | Amount (BND Million) | % of Total Loans/Financing | Amount (BND Million) | % of Total Loans/Financing |                     |
| <b>Household Sector</b>                                 | <b>2,956</b>         | <b>52.1</b>                | <b>3,094</b>         | <b>50.7</b>                | <b>4.6</b>          |
| Personal Loans/Financing (Inc credit cards)             | 1,577                | 27.8                       | 1,664                | 27.3                       | 5.5                 |
| Residential Housing                                     | 1,379                | 24.3                       | 1,430                | 23.4                       | 3.6                 |
| <b>Corporate Sector</b>                                 | <b>2,719</b>         | <b>47.9</b>                | <b>3,012</b>         | <b>49.3</b>                | <b>10.8</b>         |
| Property Financing (Commercial) and Other Constructions | 609                  | 10.7                       | 586                  | 9.6                        | -3.8                |
| Traders   | 460                  | 8.1                        | 472                  | 7.7                        | 2.6                 |
| Manufacturing   | 294                  | 5.2                        | 534                  | 8.7                        | 81.4                |
| Transportation  | 653                  | 11.5                       | 328                  | 5.4                        | -49.7               |
| Services  | 303                  | 5.3                        | 798                  | 13.1                       | 163.5               |
| Others  | 400                  | 6.9                        | 294                  | 4.8                        | -26.4               |
| <b>Total Loans and Advances/Financing</b>               | <b>5,675</b>         | <b>100.0</b>               | <b>6,105</b>         | <b>100.0</b>               | <b>7.6</b>          |

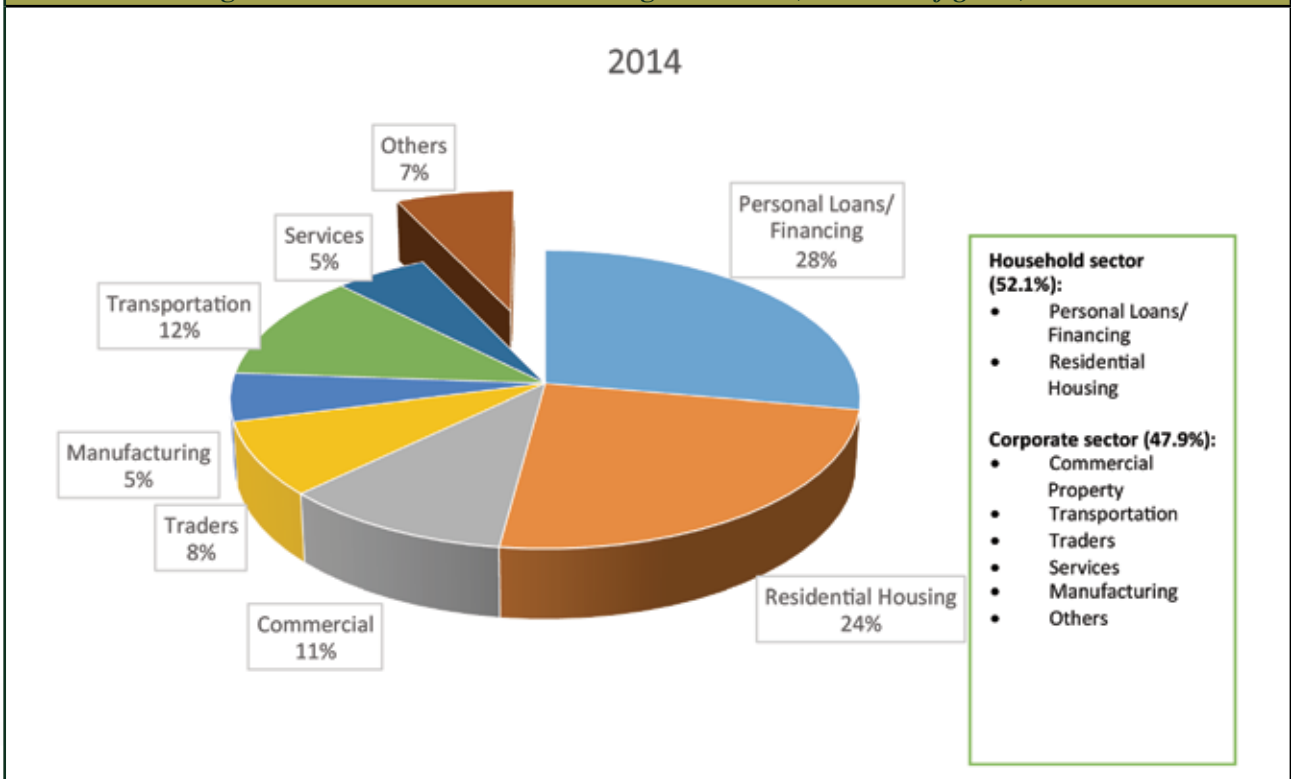
Source: Banking Supervision Unit, AMBD

**Chart 6: Banking: Distribution of Loans/Financing as of 2015 (Unaudited figures)**



Source: Banking Supervision Unit, AMBD

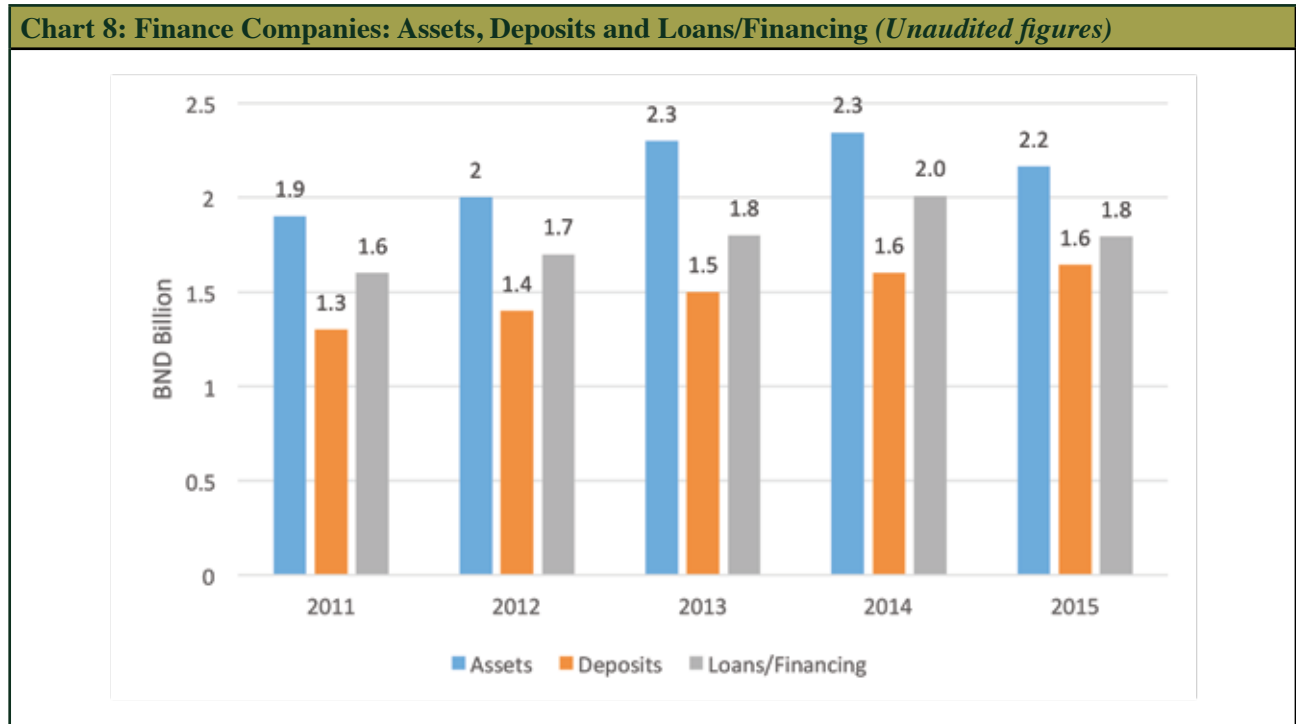
**Chart 7: Banking: Distribution of Loans/Financing as of 2014 (Unaudited figures)**



Source: Banking Supervision Unit, AMBD

## 4.2 FINANCE COMPANIES

Total deposits of the finance companies have increased marginally by 2.6% from BND 1.60 billion in 2014 to BND 1.64 billion in 2015. Finance companies, whose main activities are hire purchase transactions, faced significant falls in total assets and total loans/financing by 7.7% and 10.7% respectively in 2015.



Source: Banking Supervision Unit, AMBD

## 4.3 ACCESS TO FINANCE

Based on Table 7, the geographical segmentation is heavily based in Brunei-Muara district which can be justified by the fact that this district is the most populated and is the main centre of financial activities. Nevertheless, other districts also have good access to finance. As at 2015, the number of banking branches and Automated Teller Machine (ATM) operated by the banks were 58 and 251 respectively.

| <b>Table 7: Banking: Distribution of Branches and ATMs by District</b> |                |            |
|--|----------------|------------|
| District   | No of Branches | No of ATMs |
| Brunei/ Muara  | 40             | 188        |
| Kuala Belait   | 11             | 47         |
| Tutong   | 5              | 13         |
| Temburong  | 2              | 3          |
| <b>Total</b>   | <b>58</b>      | <b>251</b> |

Source: Banking Supervision Unit, AMBD

#### 4.4 INSURANCE AND TAKAFUL

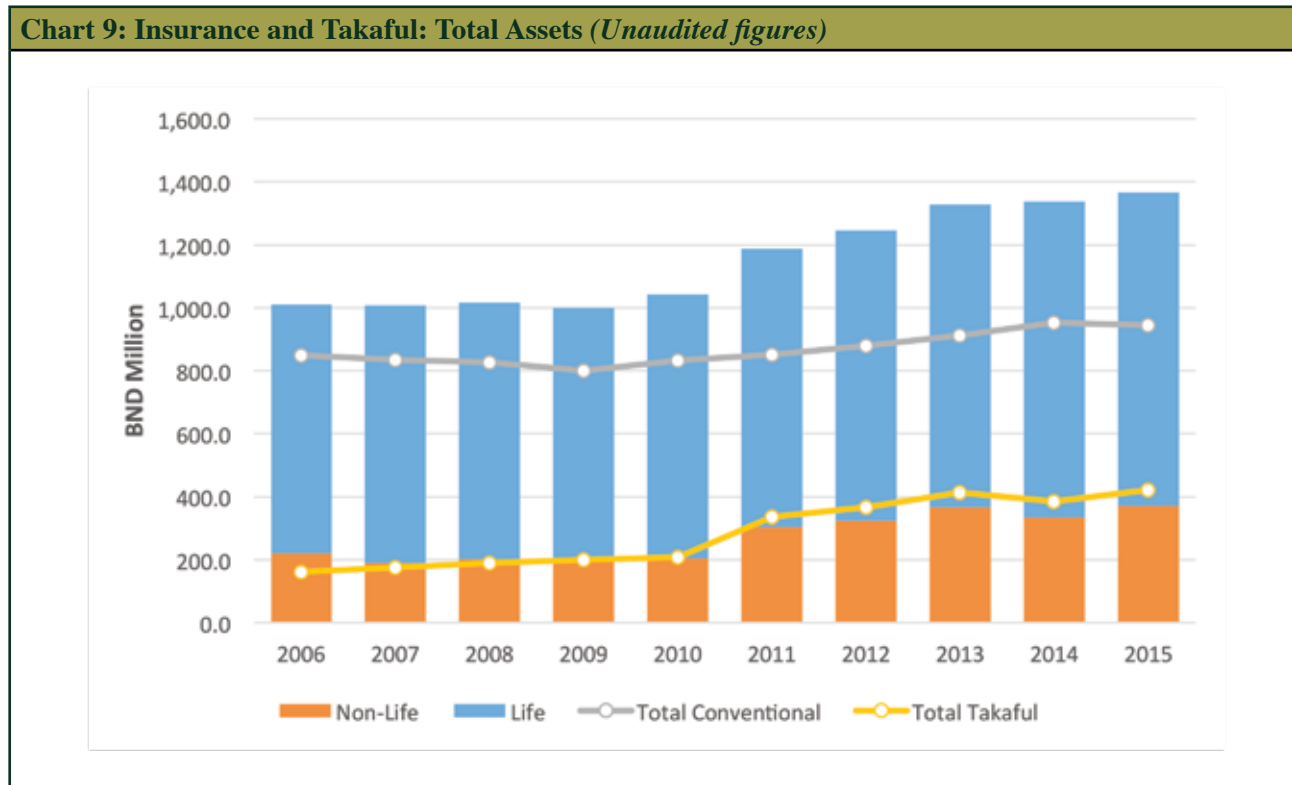
At the end of 2015, there were 13 licensed companies in the insurance and takaful industry: 9 conventional insurers and 4 takaful operators. Of these, there were 8 general insurance/takaful operators and 5 life/family takaful companies. While the number of companies remained unchanged in 2015, one conventional insurer (a foreign branch) voluntarily ceased writing new business in 2015 and is currently in runoff.

| <b>Table 8: Insurance and Takaful Highlights (Unaudited figures)</b> |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>(In BND Million)</b>  | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
| Assets   | 1,041.8     | 1,186.1     | 1,246.0     | 1,326.6     | 1,337.7     | 1,366.3     |
| Gross Premiums   | 248.8       | 266.4       | 282.7       | 306.9       | 307.5       | 318.1       |
| Gross Claims/Benefits  | 102.9       | 98.9        | 114.1       | 131.5       | 136.9       | 142.7       |

Source: Takaful/Insurance Unit, AMBD

#### Total Assets

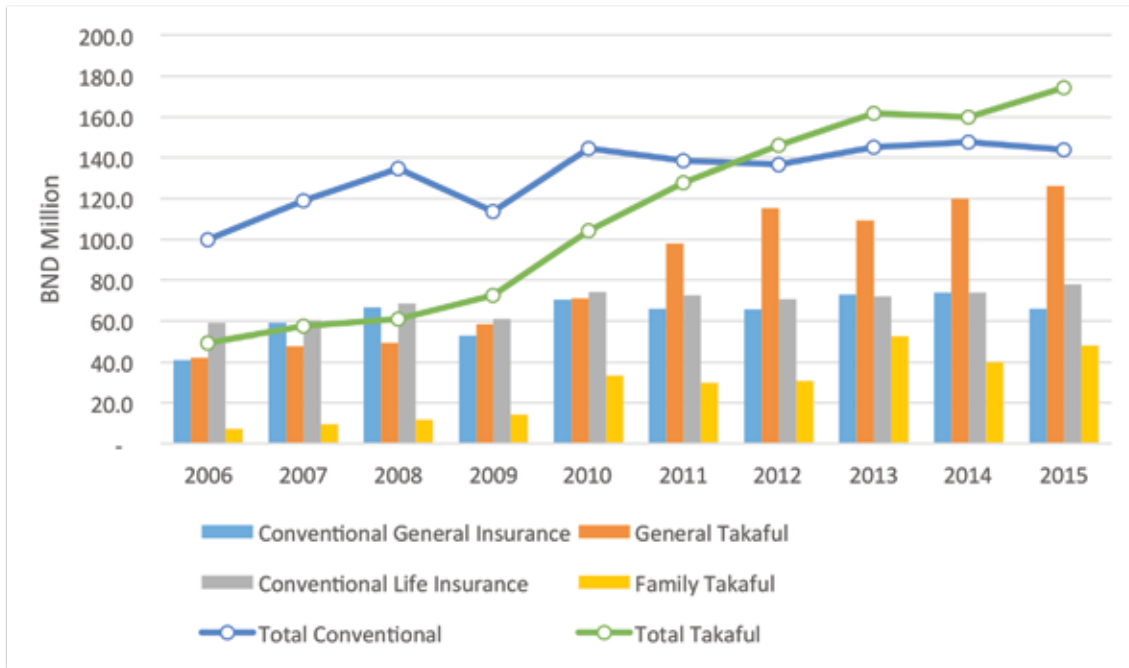
Total assets of the insurance and takaful industry have increased by 2.1% in 2015 to BND 1.37 billion (Chart 9). This increase was primarily in the non-life sector where assets increased by BND 37 million or 10.9% which is partly due to retained profits from 2014. The life sector total assets decreased insignificantly by 0.8%.



Source: Takaful/Insurance Unit, AMBD

**Gross Premiums:** The overall insurance and takaful gross premiums increased by 3.4% in 2015 from BND 307.5 million in 2014 to BND 318.1 million. While the life/family takaful sector gross premiums increased by 10.8% to BND 126.0 million in 2015, the non-life/general takaful sector premiums decreased marginally by 0.9% to BND 192.1 million. However within the non-life sector there was a 10.8% decrease in conventional non-life premiums in 2015 (Chart 10), primarily due to a switch to takaful business. Total general takaful contributions increased by 5.2% from BND 119.9 million to BND 126.2 million in 2015, and now represents half of the total non-life business in Brunei Darussalam.

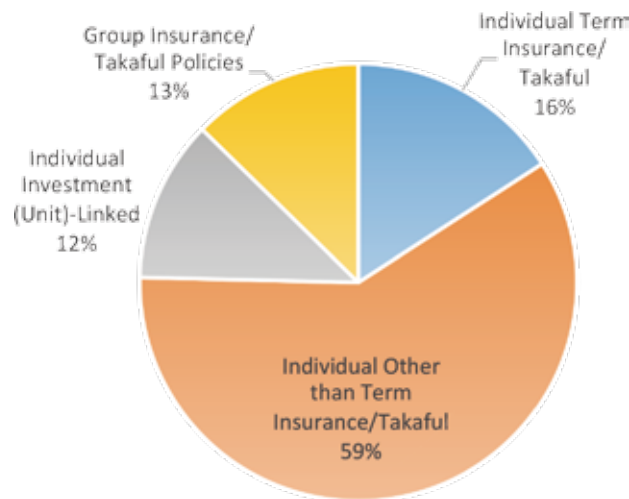
**Chart 10: Insurance and Takaful: Total Gross Premiums/Contributions (Unaudited figures)**



Source: Takaful/Insurance Unit, AMBD

In the life sector, premiums increased by 10.8% from BND 113.7 million in 2014 to BND 126.0 million in 2015 (Chart 10). This was attributed by increases in both life and family takaful sector by 5.8% and 20.0% respectively.

**Chart 11: Insurance and Takaful: Life Premiums/Family Contributions by Type of Business (Unaudited figures)**



Source: Takaful/Insurance Unit, AMBD

Motor insurance remains the largest class of non-life business in Brunei Darussalam at 50.9% of total premiums or BND 97.8 million in 2015, which represents a 7.8% increase in gross premiums. The Fire and Workers Compensation business recorded premium increases of 7.5% and 8.9% respectively in 2015, while Marine, Aviation and Transit premiums decreased by 5.2% in 2015.

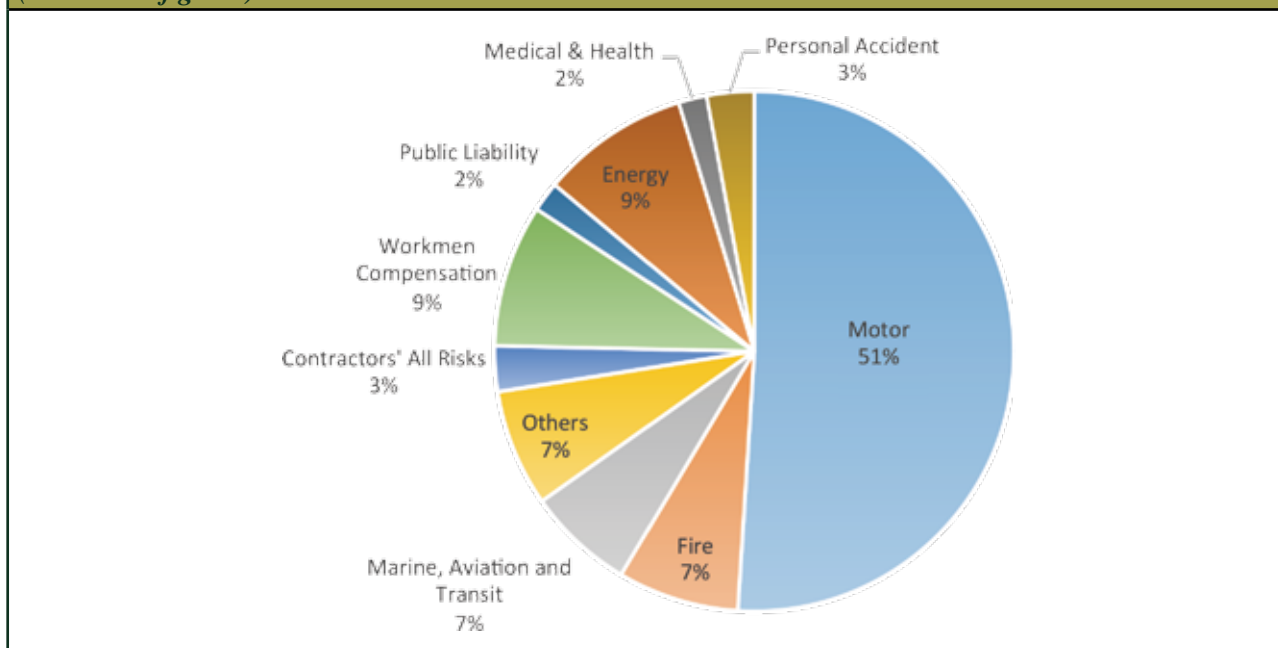


**Table 9: Insurance and Takaful: Gross Premiums / Contributions for Non-Life Business in BND Million (Unaudited figures)**

| Classes of Non-Life Business  | 2014         | 2015         | Percentage Change (Percent) |
|-------------------------------|--------------|--------------|-----------------------------|
| Motor                         | 90.7         | 97.8         | 7.8                         |
| Fire                          | 16.0         | 14.5         | -9.6                        |
| Marine, Aviation, and Transit | 13.5         | 12.8         | -5.2                        |
| Others                        | 51.8         | 46.4         | -10.4                       |
| Workmen Compensation          | 14.5         | 17.0         | 17.1                        |
| Public Liability              | 7.3          | 3.6          | -51.0                       |
| <b>Total</b>                  | <b>193.8</b> | <b>192.1</b> | <b>-0.9</b>                 |

Source: Takaful/Insurance Unit, AMBD

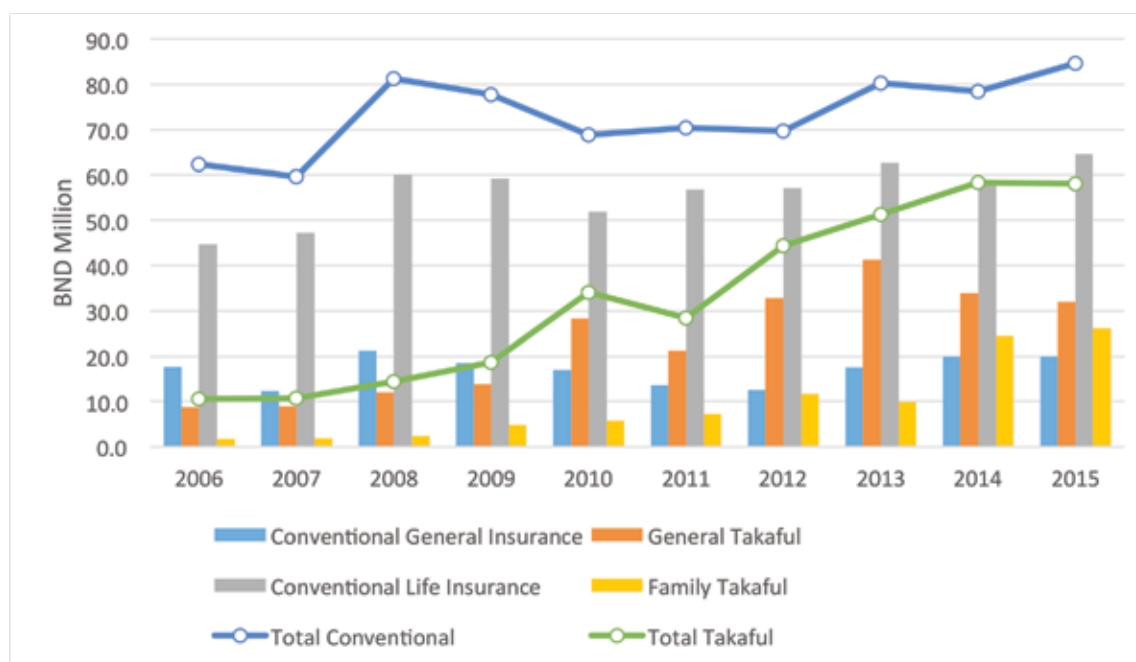
**Chart 12: Insurance and Takaful: Non-life Premiums/Contributions by Type of Business (Unaudited figures)**



Source: Takaful/Insurance Unit, AMBD

**Gross Claims:** The total industry gross claims and benefits increased by 4.3% to BND 142.7 million in Q4 2015, largely due to a 9.5% increase in the total life sector gross claims, while non-life sector total gross claims declined by 3.8%.

**Chart 13: Insurance and Takaful: Total Gross Claims (Unaudited figures)**



Source: Takaful/Insurance Unit, AMBD

## 4.5 CAPITAL MARKET

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

There are, at present, 6 companies that hold Capital Market Services Licences which are authorized to conduct regulated activities under the Securities Markets Order 2013 and the Securities Markets Regulations 2015.

Table 10 shows the total AUM of investment advisers from Year 2011 to 2015. The figures show a slight increase in AUM by 16.1% from 2014 to 2015.

| BND Million         | 2011  | 2012  | 2013  | 2014  | 2015  |
|---------------------|-------|-------|-------|-------|-------|
| Total (rounded off) | 3,978 | 7,319 | 4,564 | 3,837 | 4,576 |

Source: Capital Market Unit, AMBD

### Collective Investment Scheme

In 2015, 14 collective investment schemes (CIS) were registered for distribution in Brunei Darussalam, compared to 13 CIS in 2014. The public CIS is comprised of 7 Islamic and 6 conventional funds. There is only 1 private Islamic CIS. Currently, there is 1 licensed fund manager in Brunei Darussalam.

Table 11 illustrates the total market share of Islamic CIS against conventional CIS from 2011 to 2015. Overall, the market share of Islamic CIS showed a slight decrease from 34.0% to 33.1% in 2015.

| Market Share (Percent) | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------|------|------|------|------|------|
| Islamic CIS            | 24.9 | 25.9 | 26.0 | 34.0 | 33.1 |
| Conventional CIS       | 75.1 | 74.1 | 74.0 | 66.0 | 66.9 |

Source: Capital Market Unit, AMBD

Table 12 illustrates the total market share of locally domiciled CIS against foreign domiciled CIS for 2015. Overall, the market share of locally domiciled CIS continues to fall since 2011 from 48.3% in 2011 to 29.6% in 2015.

| <b>Table 12: Capital Market: Local CIS vs Foreign CIS</b> |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Market Share (Percent)</b>                             | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
| Locally Domiciled CIS                                     | 48.3        | 47.4        | 44.0        | 32.0        | 29.6        |
| Foreign Domiciled CIS                                     | 51.7        | 52.6        | 56.0        | 68.0        | 70.4        |

Source: Capital Market Unit, AMBD

#### 4.6 SPECIALISED MARKETS

As of 2015, the money changing and remittance business industry has seen some changes with respect to industry composition in comparison to previous years. These changes are attributed to licenses being either surrendered or not renewed for the following licensing period.

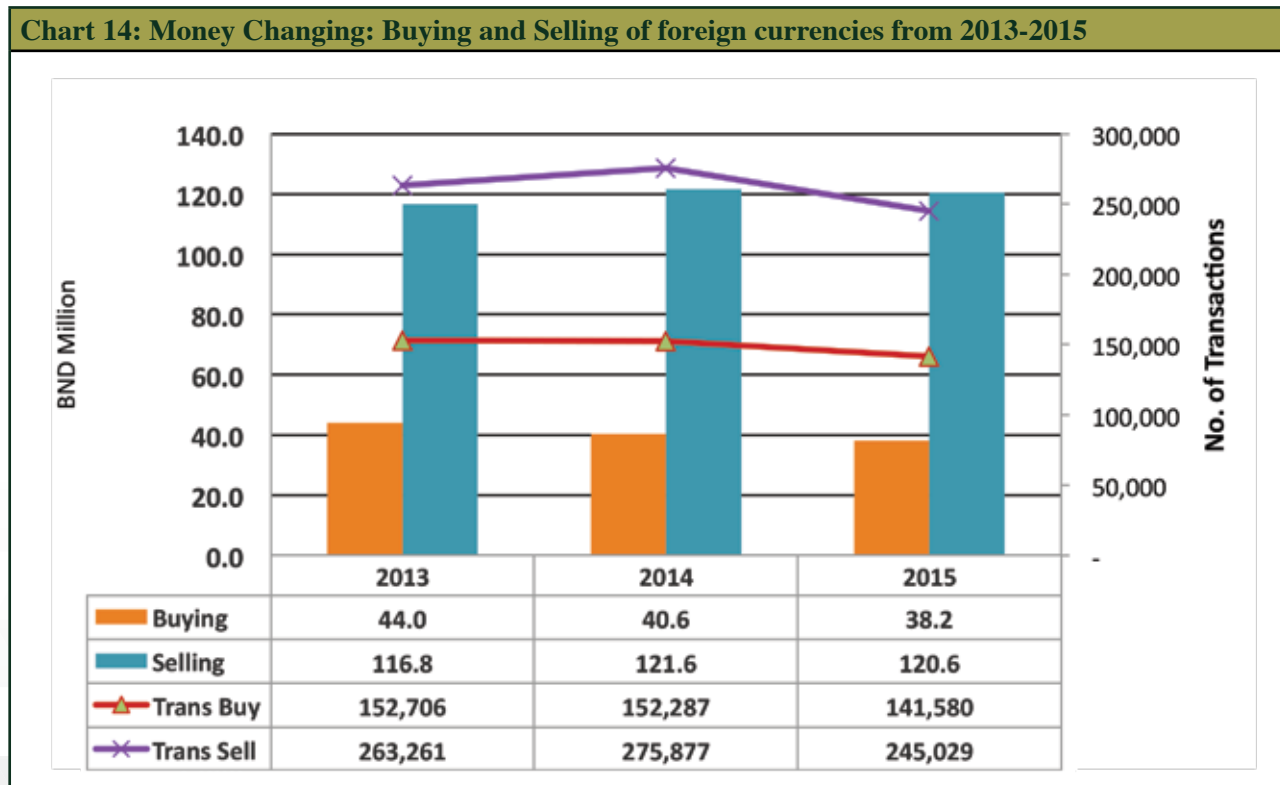
Currently, there are 19 licensed money remittance operators and 20 licensed money changers of which 3 are hotel money changers.

#### Money Changing

Chart 14 below represents the buying and selling of currencies from the year 2013 to 2015. It is indicated that in 2015, there has been a slight decrease in the value of foreign currencies bought (buying) which correlates to the fall in the number of transactions as compared to the previous year.

On the other hand, the number of transactions for the selling of foreign currencies made in 2015 has shown a decrease of roughly 11% to what was recorded in 2014, whilst the value of currencies sold have fallen slightly at 0.7%.

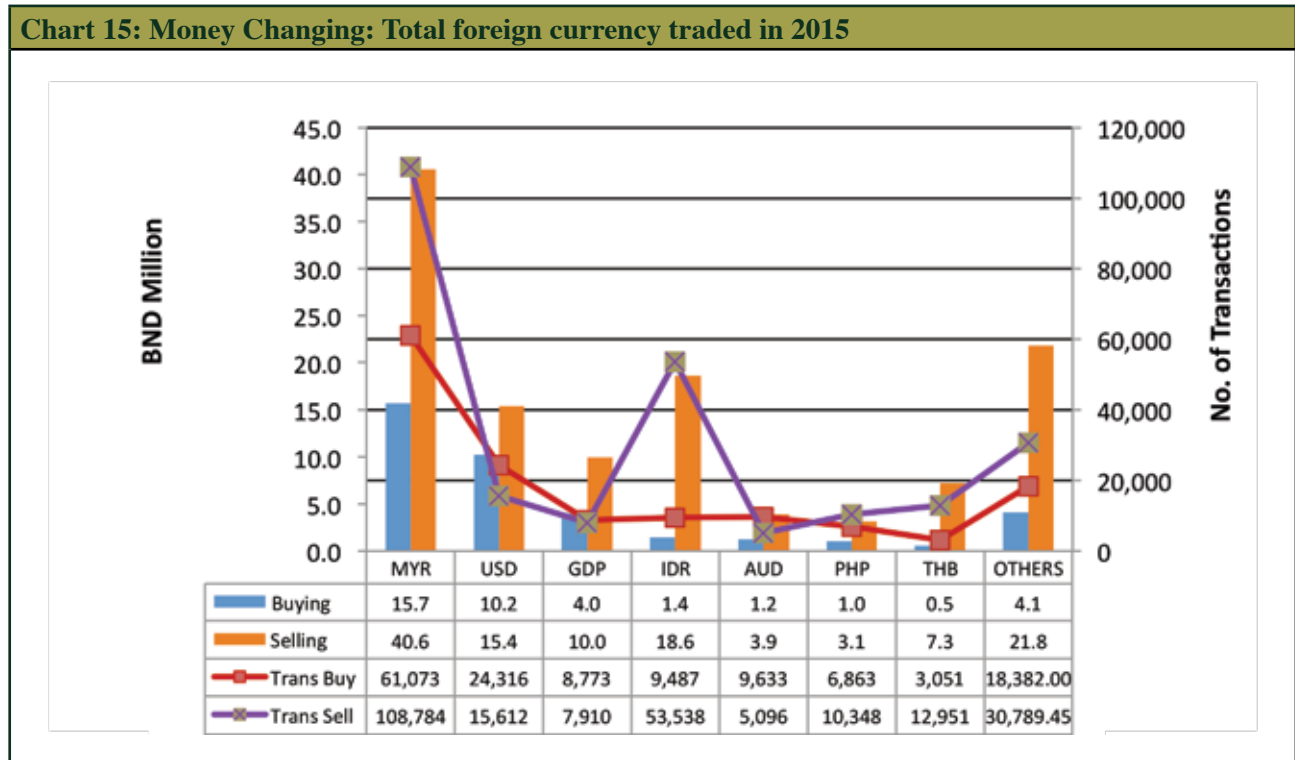
The higher demand for foreign denominations, as opposed to the local currency, is reflective of the heavy disproportion between buying and selling as indicated in Chart 14.



Source: Specialised Market Supervision Unit, AMBD

Chart 15 illustrates the total value and amount of foreign currencies transacted for 2015. In terms of buying, the Malaysian Ringgit attributed to the highest amount of foreign currency purchases at BND 16 million from the overall value of BND 38 million. This is followed by US Dollars with BND 10 million and British Pound with BND 4 million.

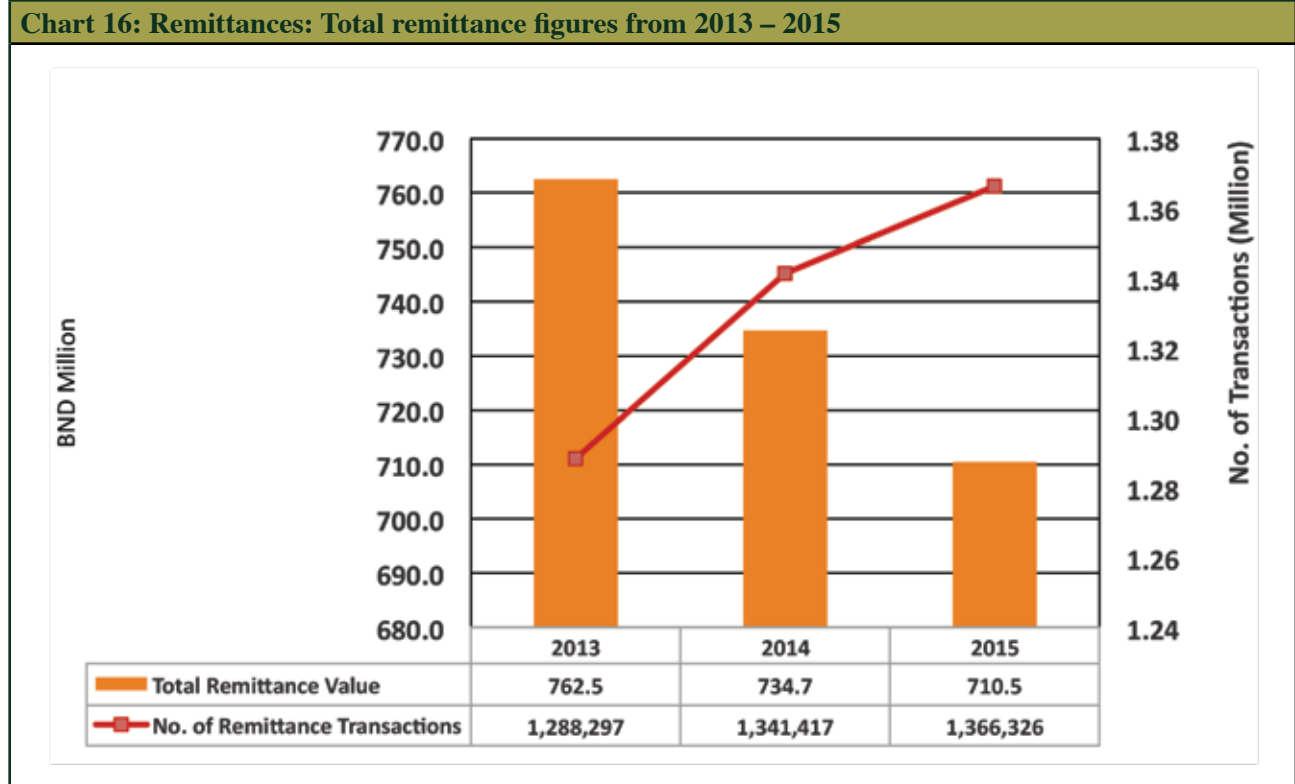
The total value of foreign currencies sold amounted to BND 123 million, of which the Malaysian Ringgit recorded the highest value at roughly BND 41 million. This is followed by the Indonesian Rupiah with BND 19 million and US Dollars at BND 15 million.



Source: Specialised Market Supervision Unit, AMBD

## Remittances

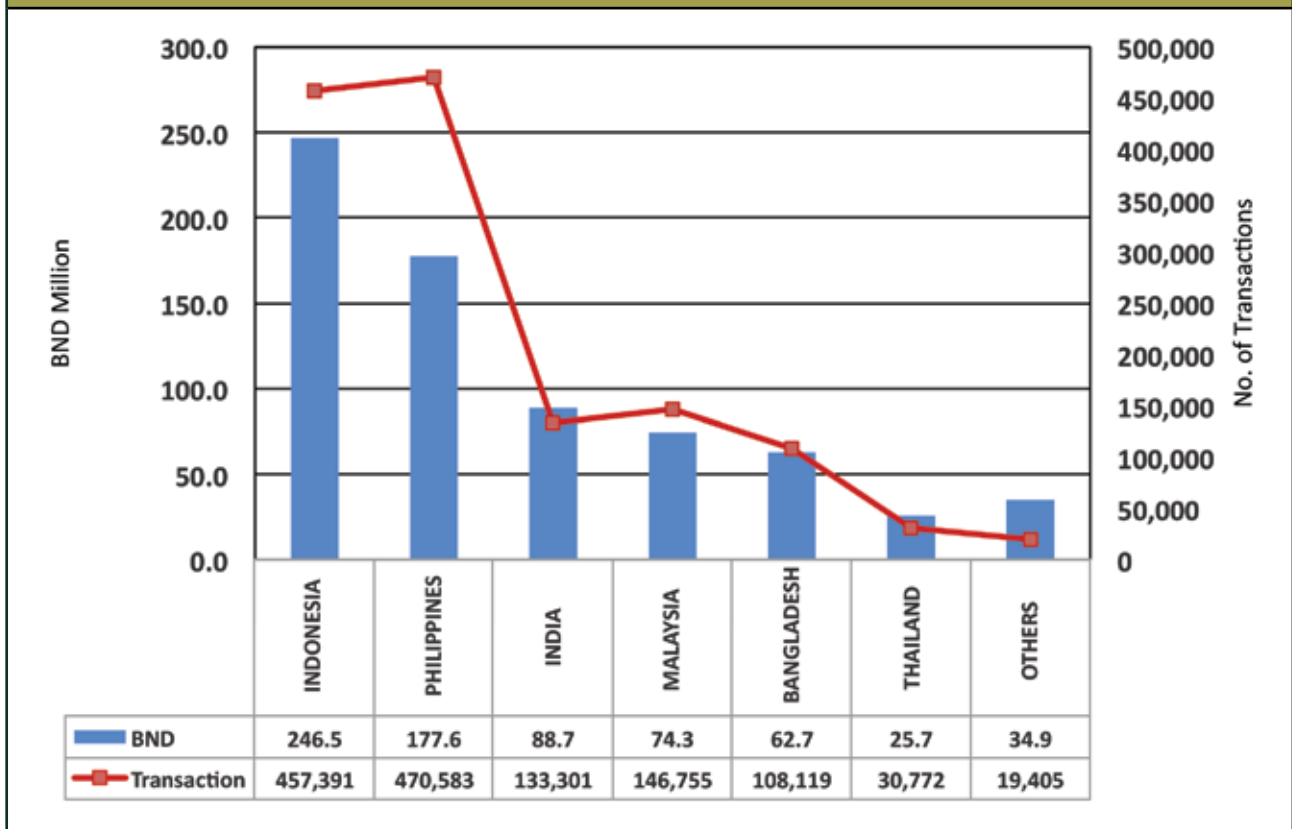
Chart 16 below is an illustration of the overall value of funds remitted with the recorded total number of transactions. The total value of foreign remittances had decreased since 2013, while the number of transactions on the other hand had shown an increase albeit with the fall in value. For the year 2015, the value of outward remittances has decreased from BND 735 million in 2014 to BND 710 million. This can be attributed to the fluctuations in foreign currency exchange rates in 2015.



Source: Specialised Market Supervision Unit, AMBD

Remittances originating from Brunei are principally transacted by foreign laborers and expatriates, the destination of these remittances are reflective of the countries from which Brunei’s main foreign labor workforce is sourced from. Indonesia remains as the most popular remittance destination in recent years and in 2015, funds remitted to Indonesia made up BND 246 million from the overall outward remittance of BND 710 million. This is followed by the Philippines and India with BND 178 million and BND 89 million respectively.

**Chart 17: Remittances: Remittance destinations in 2015**



Source: Specialised Market Supervision Unit, AMBD

### Program awareness initiatives

In 2015, the Specialised Market Supervision Unit concentrated its efforts in strengthening the money changing and remittance business industry’s overall compliance towards regulatory requirements as well as complementing their Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) measures through continuous awareness programs held during the year. These programs include having workshop (clinic) sessions to further educate industry operators on the importance of AML/CFT as well as the required standards of compliance to operational requirements such as prudent management of regulatory returns. In furthering this objective, the Specialised Market Supervision Unit encourages license holders to regularly have dialogues with AMBD in affirming the area of weaknesses. Feedback sessions with the players were also held to discuss industry concerns and future prospects.

## 4.7 ISLAMIC FINANCIAL SERVICES

### 1. Syariah Financial Supervisory Board (SFSB) Matters

One of the main roles of Islamic Financial Advisory Unit (IFAU) is the Secretariat to the Syariah Financial Supervisory Board (SFSB) of Ministry of Finance. In 2015, three meetings were organized and two circular resolutions were resolved for product approval and amendment on existing products.

## **2. Muzakarah Islamic Financial Institutions (IFIs)**

Muzakarah IFIs are a platform for Syariah departments of local IFIs to raise and discuss issues on Islamic finance and any related matters. Five meetings were organized in 2015, with the majority of them resulting in fruitful outcomes. Some of the outcomes were as follows:

- Sharing on the work plan of Syariah audit by BIBD;
- Briefing on the product approval process of SFSB by IFAU;
- Discussion on a plan to increase the expertise of local Syariah scholars by IFI;
- Preparation of Terms of Reference (TOR) for the Muzakarah; and
- Proposed working visit by IFAU and IFIs to Bank Negara Malaysia (BNM), Securities Commission (SC), Association of Syariah Advisor in Islamic Finance (ASAS), IFIs.

## **3. Product Approval Guideline**

To ensure a smooth and clear product approval process for IFIs, a draft guideline was prepared, which is currently being reviewed by IFAU and relevant AMBD Units for comments. Following this, the draft will be circulated to the industry for comments and feedbacks to ensure that the guideline is applicable to the local industry. IFAU is targeting to publish the guideline by end of 2016.

## **4. Syariah Governance Framework (SGF)**

Best practice has set out the importance of having a SGF for IFIs. The objective of the SGF is to provide IFIs with a guideline that will ensure the overall structure, processes, products and services are in accordance with Syariah principles. The guideline has been drafted and is currently being reviewed by IFAU. The guideline is expected to be submitted to the industry for reviewing purposes by the end of 2016.

## **5. Awareness program with Centre for Islamic Banking Finance and Management (CIBFM)**

On 30 July 2015, CIBFM has requested a representative from IFAU to be one of the presenters in the Islamic Finance Awareness Program to UBD School of Business and IFAU was also invited by CIBFM to co-join the basic Islamic finance course for Local Employment and Workforce Development Agency (APTK), Ministry of Home Affairs applicants, as their Corporate Social Responsibility (CSR) initiative.

## **6. Survey on Islamic Finance Understanding**

As one of the initiatives in promoting the Islamic finance awareness, IFAU has conducted a survey on AMBD staff. The outcome of the survey is to gauge the level of Islamic finance knowledge within AMBD and to identify the main topics for possible focus. The future plan is to conduct Islamic finance course for AMBD staff in collaboration with CIBFM.

## **7. Islamic Finance Progression Pathway**

CIBFM plans to establish a comprehensive training program on Islamic finance with the main objective of increasing the credibility of the local Islamic finance industry. The first Working Group meeting was held on 17 December 2015 which was attended by the representatives from IFAU, Universiti Islam Sultan Sharif Ali (UNISSA) School of Business, Bank Islam Brunei Darussalam (BIBD) and also CIBFM.

## 4.8 ANTI-MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM

### AMBD SMARTPHONE APP

On 28 May 2015, the AMBD Application was launched officially 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, Chairman of AMBD during the opening ceremony of the inaugural AMBD Day.

The AMBD Smartphone Application project commenced in early 2015 with a contract signing with Dot Root Technologies for the development of the Application on 27 March 2015. The Application, which can be downloaded for free through the Apple Store and Google Store, provides information about the roles and functions of the central bank and financial institutions in the country, lists out the most common types of financial scams in Brunei Darussalam, and allows users to search and verify whether a particular organisation is a licensed financial institution.





## **INTELLIGENCE UNIT, BANGLADESH BANK TO COOPERATE IN THE EXCHANGE OF FINANCIAL INTELLIGENCE, 27 JANUARY 2015**

On 27 January 2015, the Financial Intelligence Unit, Autoriti Monetari Brunei Darussalam and the Bangladesh Financial Intelligence Unit, Bangladesh Bank (BFIU) signed a Memorandum of Understanding for cooperation in the exchange of intelligence relating to money laundering and the financing of terrorism.

The MoU, signed on the margins of the Egmont Working Group meetings in Berlin, Germany, is in line with the principles of information exchange of the Egmont Group, the global organisation of international financial intelligence units and marks both agencies' commitment in the global fight against organised crime.



### **AML/CFT SUPERVISORY PROGRAM**

#### **BIBD Onsite Examination**

In 2015, the Financial Intelligence Unit, in collaboration with officers from the Banking Supervision Unit, completed an on-site examination on Bank Islam Brunei Darussalam (BIBD) to assess the Bank's compliance towards Brunei Darussalam AML/CFT legal requirements under the Criminal Asset Recovery Order, 2012, Anti-Terrorism Order, 2011 and Anti-Terrorism (Terrorist Financing) Regulations, 2013. The examination findings were presented to the Bank's management during the onsite examination exit meeting on 19 March 2015.

#### **Cash Transaction Report Guidance Paper**

To assist the compliance to certain requirements under the Criminal Asset Recovery Order, 2012, the Financial Intelligence Unit issued industry specific guidance on Cash Transaction Reports (CTRs) and updated the general guidance paper for better clarity and more guidance on the requirements to report CTRs.

## **Customer Due Diligence posters**

As part of assisting the goldsmith companies to comply with their obligation to know their customers, the Financial Intelligence Unit distributed Customer Due Diligence posters to goldsmith companies throughout all four districts.

## **MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT (NRA) OF BRUNEI DARUSSALAM**

On 3 August 2015, the Permanent Secretary (Policy & Investment) of the Ministry of Finance and the World Bank Acting Country Director signed a Reimbursable Advisory Services Agreement between the Government of His Majesty The Sultan and Yang Di-Pertuan of Brunei Darussalam (represented by the Ministry of Finance) and the International Bank for Reconstruction and Development concerning the Money Laundering and Terrorist Financing National Risk Assessment of Brunei Darussalam.

Under the agreement, the World Bank will work closely with the Financial Intelligence Unit as the National Anti-Money Laundering and Terrorist Financing Committee (NAMLC) Secretariat in developing a national risk assessment and risk-based action plans to combat the money laundering and terrorism financing risks of the country.

This assessment involves a process of identifying and evaluating the money laundering and terrorism financing risks in Brunei Darussalam and analysing the main sources and drivers of the risks in order to develop effective and risk-based policies and actions. Additionally, the aim is to ensure compliance with Recommendation 1 of the Financial Action Task Force Recommendations.

The risk assessment results will ultimately be disseminated to relevant stakeholders including policy makers, supervisors, operational agencies, financial institutions and non-financial institutions. It will be used as a basis for efficient allocation of available resources in the most efficient way to eliminate, control and mitigate the identified money laundering and terrorism financing risks.

Eight Working Groups have been established to assess the 8 modules in the assessment: i) ML Threat Assessment; ii) ML National Vulnerability; iii) Banking Sector; iv) Insurance Sector; v) Securities Sector; vi) Other Financial Institutions; vii) Designated Non-Financial Businesses and Professions (DNFBPs); and viii) TF Risk Assessment. The working groups consists of relevant AML/CFT stakeholders including representatives from 48 regulatory units under AMBD, law enforcement agencies, intelligence agencies, Attorney General's Chambers and the private sector.

On 22 September 2015, a Video Conference was held between eight appointed team leaders and the World Bank team in Washington DC to mark the start of the project by discussing the national risk assessment concept, tool and process.

This was followed by an introductory briefing to all Working Group members on 10 November 2015.

The national risk assessment is a year-long project and is expected to be concluded no later than 31 January 2017.

## **ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM (AML/CFT) CONFERENCE, BANDAR SERI BEGAWAN, 25 – 26 AUGUST 2015**

On 25 – 26 August 2015, the Financial Intelligence Unit organised an Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Conference at the Theatre Hall, Ministry of Finance Building. Two experts from the Asia/Pacific Group on Money Laundering (APG) were specially invited to speak during this conference.

The first session, attended by high-levels officials from the National Anti-Money Laundering and Combating the Financing of Terrorism Committee (NAMLC), introduced the Financial Action Task Force (FATF) Recommendations which set out a comprehensive and consistent framework of measures that countries should implement in order to combat money laundering and terrorist financing, as well as the financing of proliferation of weapons of mass destruction. Particular focus was given to FATF Recommendations 1 and 2 which require countries to assess money laundering and terrorist financing risks and in establishing national cooperation. Attendees were also given a brief overview of the FATF's new methodology for assessing compliance with the FATF Recommendations and the effectiveness of AML/CFT systems, as well as the APG Mutual Evaluation Process. A similar session was held for the second group of attendees comprising of working-level officers from relevant agencies.

The third session, attended by officers and staff of AMBD, gave particular focus on the need for risk-based supervision of financial institutions and designated non-financial businesses and professions. FATF Immediate Outcome 3 requires supervisors to appropriately supervise, monitor and regulate financial institutions and designated non-financial businesses and professions for compliance with AML/CFT requirements commensurate with their risks.

The fourth and final session was attended by representatives from financial institutions and designated non-financial businesses and professions. This session highlighted the need for financial institutions and designated non-financial businesses and professions to identify, assess and take effective actions to mitigate their money laundering and terrorist financing risks, and to apply preventive measures including customer due diligence, record keeping and reporting of suspicious transactions.

This AML/CFT Conference was part of a series of awareness-raising programs initiated by the Financial Intelligence Unit, in its capacity as NAMLC Secretariat as preparation towards the APG Mutual Evaluation which Brunei Darussalam is expected to undergo in the year 2020.



## AML/CFT EDUCATION AND AWARENESS

### Financial Investigation Course

The Financial Intelligence Unit, as the Secretariat to NAMLC, organised a course on Foundation Financial Investigation and Advanced Financial Investigation separately in April 2015 delivered by an AML/CFT technical expert with extensive experience in financial investigation from the United Kingdom. The courses were attended by the relevant law enforcement agencies involved in the investigation of complex financial crime.

### Standard Operating Procedure on Financial Investigations

The FIU also engaged the Technical Assistance of an expert in the field of financial crime investigation from Canada, to assist preparation of the Standard Operating Procedure (SOP) on financial investigations for law enforcement agencies. In August, the first scoping mission was conducted with discussions and interview with the relevant law enforcement agencies.

### AMBD'S FINANCIAL SCAMS AWARENESS VIDEO COMPETITION

In an effort to promote awareness on financial scams amongst the public, the FIU organized a Financial Scams Awareness Short Video Competition in early September 2015 which ended on 30 October 2015.

The competition comprises of two categories: open category for local and permanent residents aged 18 and above and student category for local and permanent resident students studying in sixth form college, university and other higher education institution.

The Managing Director of AMBD presented the prizes to the winners at a prize presentation ceremony held at the Theatre Hall, Ministry of Finance Building on 17 December 2015. The winners' videos are available for viewing through the AMBD Smartphone Application.



## 4.9 FINANCIAL CONSUMER PROTECTION

The Financial Consumer Protection Unit (FCPU) was established in March 2015 with the following objectives:

- To protect the welfare of financial consumers against unfair and nontransparent practices on fees / charges or claims. [Ensure Consumer Protection]
- Implementing necessary initiatives to enhance transparency and disclosure of information to financial consumers.
- Strengthening the rules of conduct and transparency to be complied by the Financial Institutions (Banks, Insurance & Capital Markets)
- To promote Financial Literacy
- Complaints handling

Since its establishment, FCPU has received almost 180 complaints from financial consumers. FCPU has closed 71% of the reported cases. FCPU still has 29% of open cases, where half of these cases are still pending from the banks to get back to the FCPU.

The FCPU has been working closely with the focal persons of financial institutions to better facilitate complaints handling. Where necessary, the FCPU, together with some assistance from the Banking Supervision Unit, has stepped in to ensure proper and fair market conduct.

### 4.9.1 PROMOTION OF FINANCIAL LITERACY

The FCPU has been active in raising financial literacy by organizing several talks, in collaboration with other agencies, with focus on financial planning and *Skim Cepat Kaya* (SCK). The FCPU was approached by the Ministry of Development and Ministry of Education to give talks on SCK in November 2015.

The FCPU, together with Centre of Strategic and Policy Studies (CSPS) have been working on finalising the National Strategy for Financial Literacy. A forum was held on the 29 October 2015 at the CSPS Building in Gadong, where findings of the survey were shared and relevant agencies were invited to give their feedback and comments on the proposed National Strategy.

The CSPS recommended that a designated body (consisting of various stakeholders such as ministries, regulating authorities, banking & insurance associations, educational organizations) will be responsible for leading the implementation of the strategy, coordinating the resources and the initiatives needed to promote Financial Education and Literacy.

### 4.9.2 WORK VISIT

The FCPU attended a Working Visit to Singapore in October 2015. The purpose of the work visit was to learn Singapore's approach on Financial Consumer Protection. FCPU visited Consumers Association of Singapore (CASE), a nonprofit organization that is committed towards protecting consumers' interest through awareness and education; and Financial Industry Disputes Resolution Centre Ltd (FIDREC) whose main roles are Complaints Handling and Filing of Claims, Mediation and Adjudication.

The team also had a meeting with the Consumer Issues Division (CID) from the Monetary Authority of Singapore (MAS), which handles issues relating to financial consumers. Consumer complaints will be used in the formulation of policies.

The FCPU also met with MoneySENSE who shared about their financial education initiatives in partnering with 8 Government Agencies, Association of Banks in Singapore, CASE, Financial Planning Association of Singapore and Singapore Polytechnic to do a briefing and training programmes on a specific topic relating to a targeted group's financial needs.

## 4.10 FINANCIAL INFRASTRUCTURE ENHANCEMENTS

### 4.10.1 CREDIT BUREAU'S DEVELOPMENT

Credit Bureau has shown progress over the years since its Self-Inquiry & Dispute Resolution (SIDR) service was launched in September 2014. This is as a result of a growing public awareness of the SIDR service, which enables members of the public (individuals and business entities) to verify information in their credit reports. In line with its effort to continuously promote public awareness, in 2015, the Credit Bureau conducted a number of briefing sessions for various Government Departments, including Ministry of Finance, Ministry of Foreign Affairs and Trade, and Royal Brunei Armed Forces. Credit Bureau also promoted itself to the general public during AMBD Day 2015 and through newspaper articles and other printed publications where all of these helped elucidate Credit Bureau's roles, operations, functions and importance.

In line with the Credit Bureau's strategic plan, in the first half of 2015, Credit Bureau signed a Memorandum of Understanding (MoU) with Department of Electrical Services (DES), Prime Minister's Office, and also with DST Communication Sdn Bhd (DST). The signing of the memoranda signifies the Credit Bureau's commitment in providing comprehensive information and tools to further enhance credit risk management within the banking industry. The collection of information from non-financial entities such as DES and DST will provide another dimension to assessing a borrower's credit worthiness and credit exposure. The additional information will be beneficial for those who have yet to establish bank relationships or have minimal information on their credit standing ("thin files"). The Credit Bureau continues to work towards expanding the scope of its data collection by proactively engaging with a few other public and private institutions on the opportunities to include them as additional data contributors.

Credit Bureau has finalised its on-site audit plan, which provides the Credit Bureau with a standard framework in assessing and assuring information security, data integrity and the operational compliance of its Members. In 2015, Credit Bureau successfully conducted its first on-site audit inspection at one of its Members' institutions. The Credit Bureau plans to conduct a similar exercise periodically at the rest of its Members' institutions.

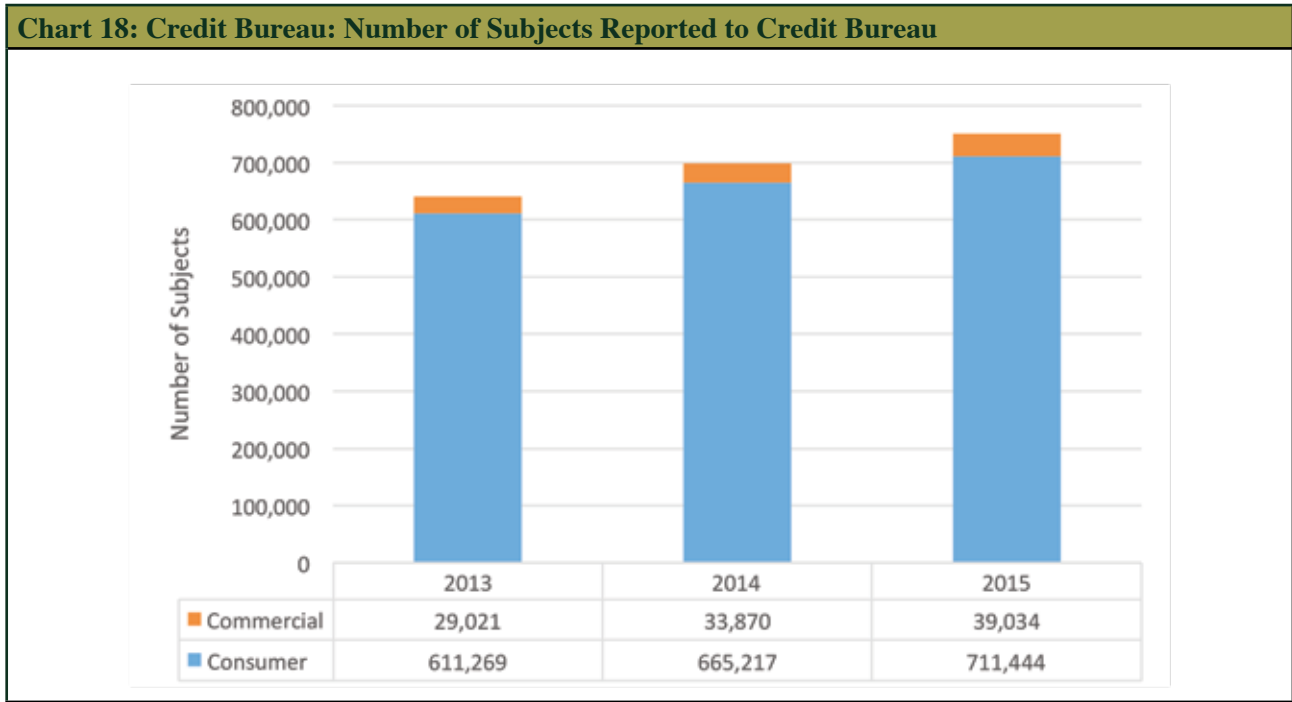
### Key Statistics on the Credit Bureau's Repository

Table 13 below shows the key statistics on the Credit Bureau's Repository as of 31 December 2015. The figures indicate an overall growth in the total number of accounts, total individuals, active

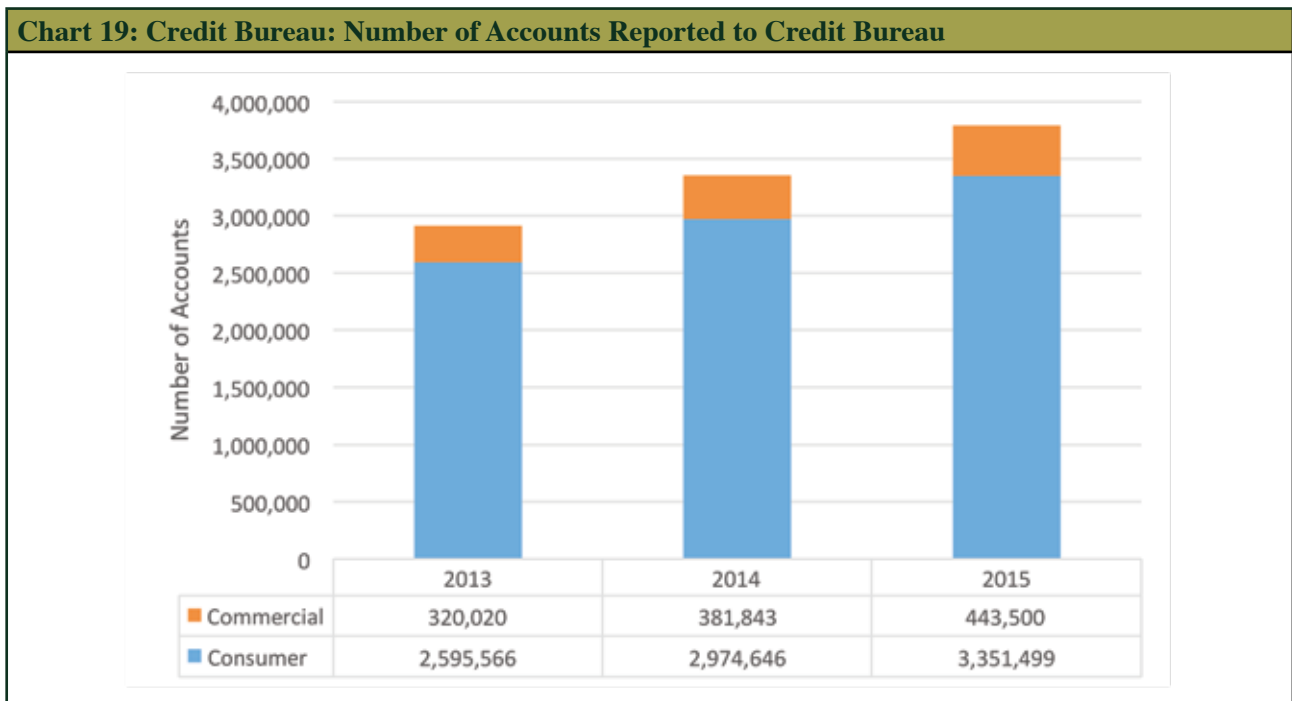
| <b>Table 13: Credit Bureau: Key statistics on the Credit Bureau's Repository</b> | <b>2014</b> | <b>2015</b> | <b>Growth</b> |
|--|-------------|-------------|---------------|
| Total Members <sup>9</sup>   | 11          | 11          | -             |
| Total Accounts   | 888,835     | 999,919     | 12%           |
| Total Individuals  | 172,285     | 182,480     | 6%            |
| Active Individual Credit Facilities  | 750,239     | 849,977     | 13%           |
| Total Commercial Entities  | 9,225       | 10,071      | 9%            |
| Active Commercial Credit Facilities  | 49,775      | 57,999      | 17%           |
| Historical Records Duration (Months)   | 60          | 72          | -             |

Source: Credit Bureau Unit, AMBD

Chart 18 and Chart 19 below show the number of Subjects and Accounts recorded in the Credit Bureau’s repository as of 31 December 2015.



Source: Credit Bureau Unit, AMBD



Source: Credit Bureau Unit, AMBD

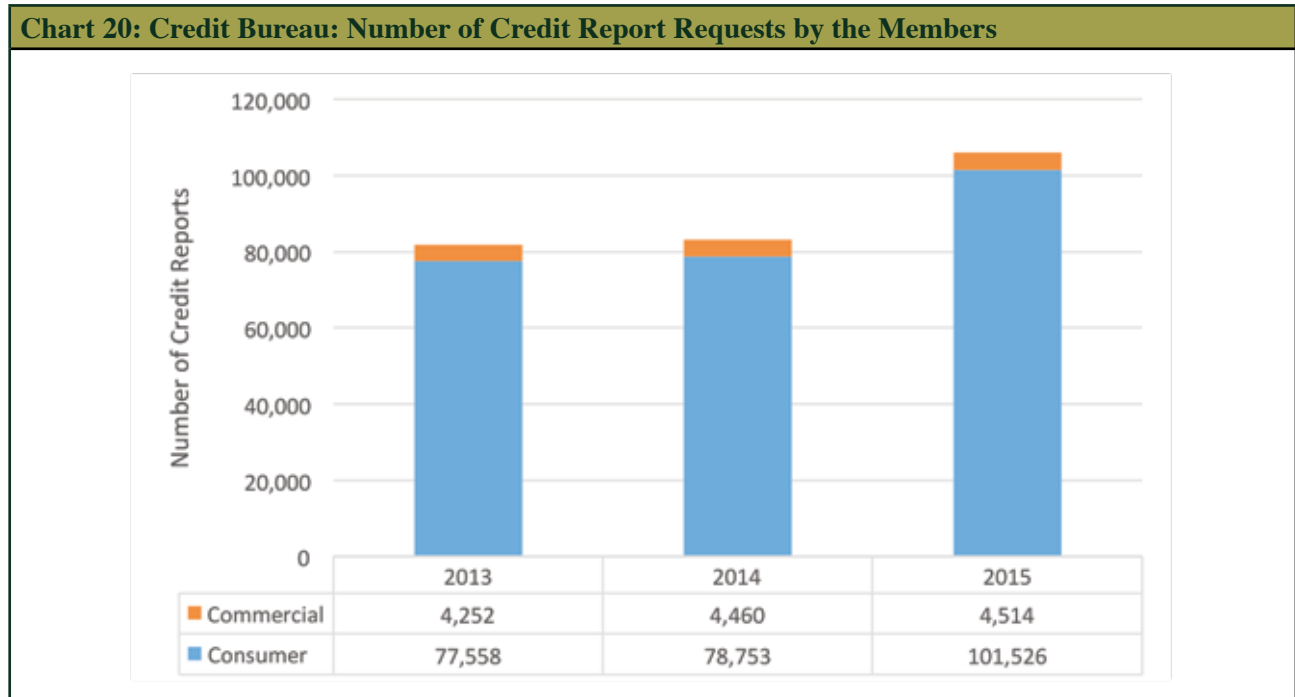
<sup>9</sup>Citibank ceased its operation effective 1 April 2014

Disclaimer: The information is based on the data gathered from the Credit Verdict System used by Credit Bureau and the data provided may differ between the reporting periods as a result of ongoing data quality activities.

## 4.10.2 CREDIT BUREAU'S SERVICES

### Credit Report Usage

As of 31 December 2015, a total of 271,063 credit reports have been requested by the Members. There was an increase of 27% y-o-y in the number of reports requested from 83,213 credit reports in 2014 to 106,040 credit reports in 2015. 96% of the total credit reports requested in 2015 were made for consumer credit reports with a total of 101,526 credit reports and only 4% were made for the commercial with a total of 4,514 credit reports. Chart 20 below shows the statistics of the credit reports usage by the Members.



Source: Credit Bureau Unit, AMBD

Of the total number of reports requested, 89% were made for the purpose of new credit applications, of which 47% of the consumer approved credit facilities was for Hire Purchase<sup>10</sup>, 10% for personal loans and 5% for credit cards. Table 14 below shows the statistics of the Credit Reports usage by purpose of the request being made:

**Table 14: Credit Reports Usage by Purpose**

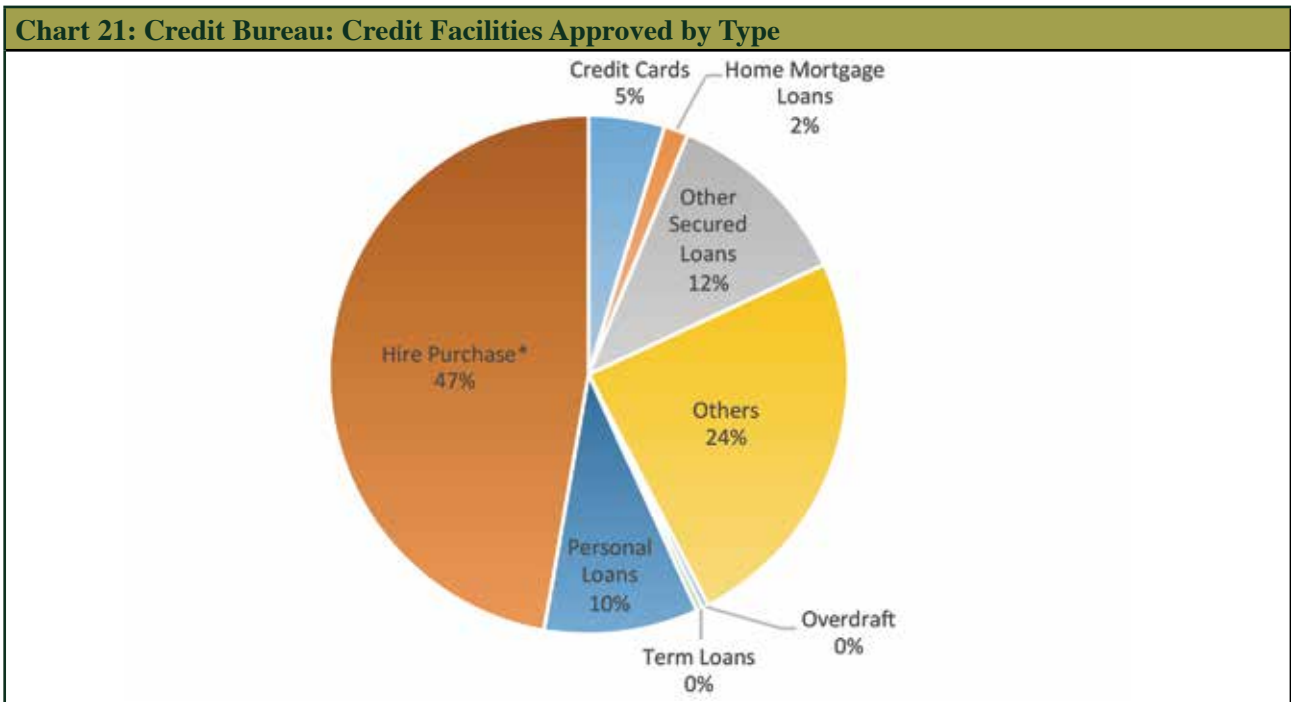
| Purpose of Request          | 2013          | 2014          | 2015           |
|-----------------------------|---------------|---------------|----------------|
| New Credit Application      | 73,750        | 73,750        | 94,499         |
| New Guarantor               | 254           | 241           | 258            |
| Review of Existing Customer | 7,809         | 6,829         | 11,283         |
| <b>Total</b>                | <b>81,813</b> | <b>83,213</b> | <b>106,040</b> |

Source: Credit Bureau Unit, AMBD

<sup>10</sup>Hire Purchase includes vehicle financing.



Chart 21 below shows the application of Credit Facilities by product type.

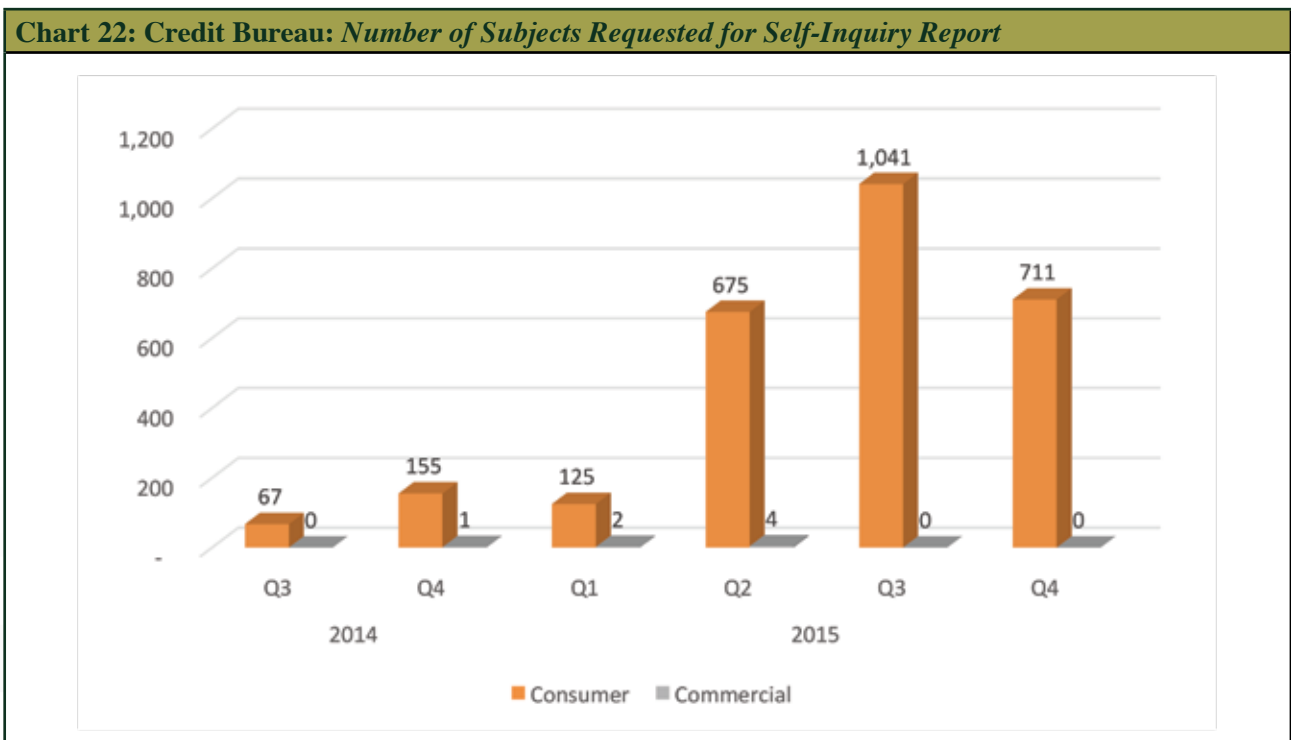


Source: Credit Bureau Unit, AMBD

### Number of Self-Inquiry Report Application and Registered Disputes

Chart 22 shows the statistics on the number of applications for Self-Inquiry Report. A total of 4,688 Self-Inquiry Reports were applied by 2,774 individuals and 7 commercial entities as of 31 December 2015.

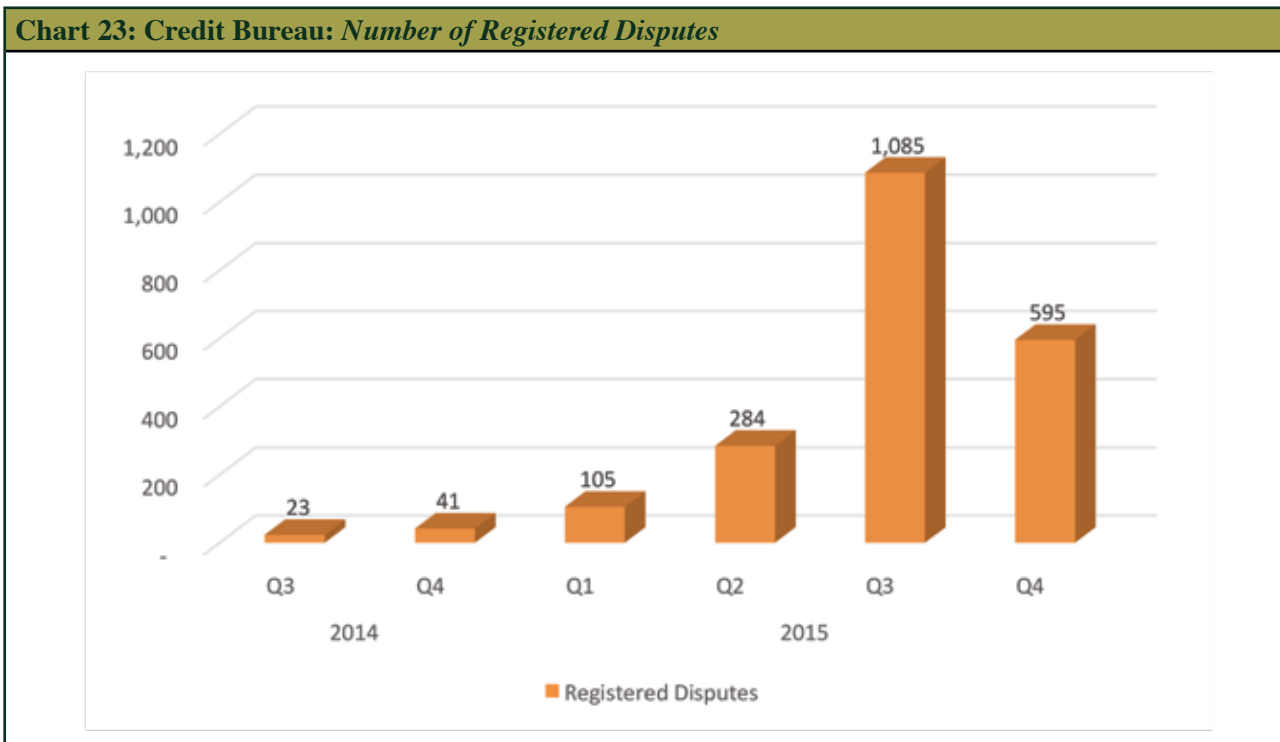
The total number of applications for Self-Inquiry Report made in the first half of 2015 was 1,716. With wider socialization efforts, the number of Self-Inquiry Report application has increased by 54% in the second half of 2015.



Source: Credit Bureau Unit, AMBD

Chart 23 shows a total of 2,133 disputes were raised by 1,236 individuals and 3 commercial entities since the commencement of the service to the public in September 2014.

Total number of disputes registered in 2015 was 2,069 and as of 31 December 2015, 72% of the total disputes had been resolved, Credit Bureau has been proactively undertaking extra initiatives to resolve the pending disputes by closely coordinating with the banks as well as further enhancing the operations of the Customer Service.



Source: Credit Bureau Unit, AMBD

#### 4.10.3 PAYMENT AND SETTLEMENT SYSTEMS

The Payment and Settlement system (PSS) Unit continues to work towards the live implementation of the Automated Clearing House (ACH). The Brunei Association of Banks (BAB) has officially requested for a delay of the go live date to Q1 2016 as they wish to spend more time on Market Rehearsal to ensure a smooth transition to the new system when the switchover from the current Cheque Clearing House takes place. The PSS Unit has also begun the implementation of a Government Security Depository and Settlement System which will enable automation of auctions and securities trading.

The PSS Unit worked together with AMBD's Legal Affairs Unit and the Attorney General's Chamber (AGC), for the drafting and enactment of three laws which will be the pillars for Brunei Darussalam's payment and settlement systems. The three laws were enacted on 14 May 2015. The PSS (Oversight) Order, The PSS (Finality and Netting) Order, and The Bills of Exchange (Amendment) Order allows the PSS in Brunei Darussalam to operate in accordance with international principles and best practices.

#### 4.10.4 LEGAL AND REGULATORY FRAMEWORK

AMBD oversees a wide range of legislation encompassing both domestic and international financial activities. A table listing the legislation coming under AMBD's purview is shown below:

| <b>Table 15: Legislation Administered by AMBD</b> |   |
|---|---|
| Anti-Terrorism Order, 2011                        | International Trusts Order, 2000                                  |
| Banking Order, 2006                               | Islamic Banking Order, 2008                                       |
| Coin (Import and Exports) Act (Cap. 33)           | Money-Changing and Remittance Businesses Act (Cap. 174)           |
| Criminal Asset Recovery Order, 2012               | Moneylenders Act (Cap. 62)  |
| Finance Companies Act (Cap. 89)                   | Motor Vehicles Insurance (Third Party Risks) Act (Cap. 90)        |
| Hire-Purchase Order, 2006                         | Pawnbrokers Order, 2002   |
| Insurance Order, 2006                             | Payment and Settlement Systems (Finality and Netting) Order, 2015 |
| International Banking Order, 2000                 | Payment and Settlement Systems (Oversight) Order, 2015            |
| International Business Companies Order, 2000      | Registered Agents and Trustees Licensing Order, 2000              |
| International Insurance and Takaful Order, 2002   | Securities Markets Order, 2013                                    |
| International Limited Partnerships Order, 2000    | Takaful Order, 2008   |

The above legislation is supplemented by the issuance of relevant regulations, notices and guidelines to ensure sustained financial soundness and stability.



**05**

# **International Cooperation**



## 5.1 MEMORANDUM OF UNDERSTANDING

Autoriti Monetari Brunei Darussalam (AMBD) signed a Memorandum of Understanding (MOU) with The Capital Markets Board of Turkey (CMBT) on 19 November 2015 in Istanbul, Turkey. AMBD was represented by YM Awang Yusof bin Abd Rahman, Managing Director of AMBD, while CMBT was represented by Dr. Vahdettin Ertas, Chairman of CMBT. The MOU serves to protect investors from both countries and to promote the integrity of Regulated Markets. With this MOU, it provides a framework for cooperation, including channels for communication, increased mutual understanding, mutual assistance and the exchange of regulatory and technical information between the Authorities.

## 5.2 FINALISATION OF FINANCIAL SERVICES CHAPTER, JOINT DECLARATION OF TRANS-PACIFIC PARTNERSHIP (TPP) MACROECONOMIC AUTHORITIES

The negotiations for the whole TPP Agreement were concluded on 5 October 2015. For the Financial Services chapter, negotiations, which were led by AMBD, concluded on 31 July 2015. The Joint Declaration of TPP Macroeconomic Authorities concluded on 5 November 2015. The Financial Services Chapter aims to provide increased cross border and market access opportunities to financial service providers from the TPP member countries. In addition, the chapter also gives adequate regulatory and supervisory powers, as well as policy space to introduce and put into effect any prudential measures and public policies including activating financial safety net measures. The TPP Financial Services Chapter serves to promote the adoption of international best practices and standards in the supervisory and regulatory operations. It will also enhance transparency practices in the administrative processes of the monetary authorities/central banks especially the approval processes and licensing procedures.

## 5.3 WORK VISITS

Several work visits by the officers of AMBD were conducted to regional central banks and financial institutional bodies including Monetary Authority of Singapore and Bangko Sentral Ng Pilipinas. The purpose of the work visits were to enhance knowledge and share experiences on the central banking operations as well as to further strengthen the relationship and networking with the external parties.

AMBD has also participated in the Financial Services ASEAN Study Visit in London on 4 – 6 November 2015. This involves sharing sessions by the UK authorities on financial integration in Europe and the lessons that ASEAN can learn from the European experience. The visit involved meetings and roundtables with international experts, UK government, regulators and financial firms and discussed the opportunities and latest regional developments in South East Asia.





**06**

# **Organisational Development**





AMBD has continually placed a greater emphasis on delivering quality learning solutions to meet the needs for new knowledge and competencies such as core, managerial and leadership, in order to support and encourage the fundamental learning and development of its employees. Thus, a conceptual approach has been undertaken to develop their understanding and to enhance their abilities, which will allow for the achievement of measurable and sustainable results.

For 2015, AMBD had sent 2 officers from Reserve Investment Unit, Monetary and Investment Department to undergo a short-term attachment program with Nikko Asset Management Asia Limited for the duration of 2 months that aims to constantly develop their area of specialty in the Investment field and to provide more in-depth understanding of their daily tasks.

Apart from that, a few officers from Internal Audit Unit, Risk Management Unit, Banking Supervision Unit, Financial Intelligence Unit and Information Technology Unit went for working visit with a few central banks namely, Monetary Authority of Singapore (MAS), Bank Negara Malaysia (BNM) and Bangko Sentral ng Pilipinas (BSP) to further enhance their capacity as a central banker and to set proper benchmarks and guidelines for best practices with other central banks.

In the 5<sup>th</sup> year of its establishment, AMBD is collaborating with Centre for Islamic Banking, Finance and Management (CIBFM), AMBD's training arm, to provide comprehensive course programs in order to evolve the officers and staff of AMBD especially in capacity building, competencies as well as their soft skills. AMBD had also sent a few officers to undergo training at both regional and international training providers such as South East Asian Central Banks Research and Training Centre (SEACEN), the ASEAN Insurance Training and Research Institute (AITRI) as well as the Islamic Financial Services Board (IFSB), to better equip and train them in their respective areas of professionalism as well as to ensure that the learning solutions offered provided the latest knowledge and expertise in the specific knowledge areas as required by the participants.

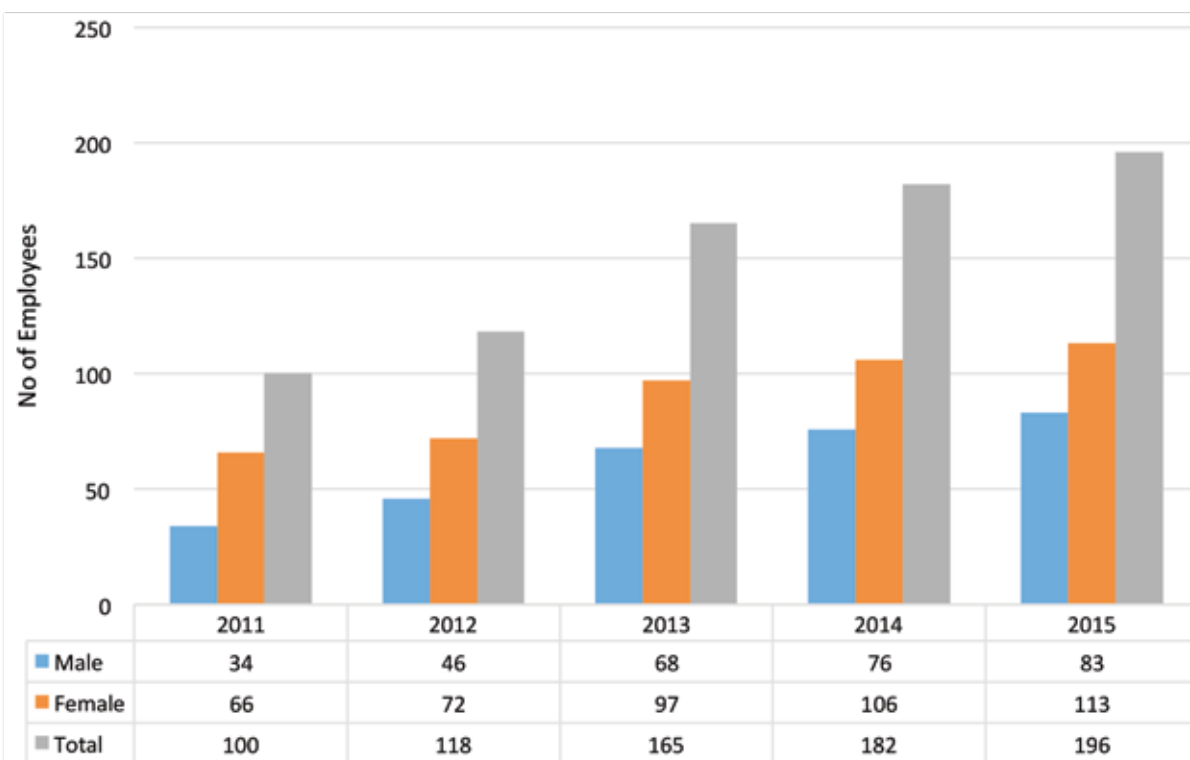
AMBD hosted a training programme in Brunei Darussalam, which is, the 9<sup>th</sup> SEACEN BOJ Intermediate Course on the Analytics of Macroeconomic and Monetary Policy Management on 12–24 April 2015 held at CIBFM. Aside from that, 2 officers from the Payment and Settlement System Unit had gained experience where they presented during a knowledge sharing workshop on National Payment and Settlement System, Real Time Settlement Gross System (RTGS) and ISO 20022 Standards at Bank of Lao PDR on September 2015.

As for AMBD workforce development, there was a 7.69% increase in the number of employees in AMBD in 2015 compared the previous year. In 2015, several staffs from Administrative Assistant Grade 2 (AAG2) and Administrative Assistant Grade 3 (AAG3) had been promoted to Administrative Assistant Grade 1 (AAG1) and Administrative Assistant Grade 2 (AAG2) respectively.

**Table 16: Workforce Developments in 2014 and 2015**

|                       | 2014       |        | 2015       |        |
|-----------------------|------------|--------|------------|--------|
|                       | MALE       | FEMALE | MALE       | FEMALE |
| <b>OFFICERS</b>       | 49         | 75     | 59         | 80     |
| <b>SUPPORT STAFFS</b> | 27         | 31     | 24         | 33     |
| <b>TOTAL</b>          | 76         | 106    | 83         | 113    |
|                       | <b>182</b> |        | <b>196</b> |        |

Source: Human Resource Unit, AMBD

**Chart 24: Workforce Developments**

Source: Human Resource Unit, AMBD

**Table 17: Composition on the Number of Officers and Staffs in 2015**

| POSITION             | MALE      | FEMALE     | NO OF STAFFS |
|----------------------|-----------|------------|--------------|
| Executive Management | 2         | 0          | 2            |
| Senior Management    | 2         | 6          | 8            |
| Middle Management    | 7         | 12         | 19           |
| Junior Management    | 27        | 49         | 76           |
| Executive            | 0         | 2          | 2            |
| Contract             | 6         | 1          | 7            |
| Supervisory          | 15        | 10         | 25           |
| Support Staffs       | 24        | 33         | 57           |
| <b>Total</b>         | <b>83</b> | <b>113</b> | <b>196</b>   |

Source: Human Resource Unit, AMBD

**07**

# **Audited Financial Statements**

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The Members of the Board hereby submit their report and the audited financial statements of Autoriti Monetari Brunei Darussalam for the year ended 31 December 2015.

## Principal Activities

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

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

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

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

An amendment was also made to the Order in 2015 which took effect from 9 February 2015 whereby Section 9 of the principal Order is amended, in subsection (1)(a), by deleting "10 per cent" from the third line and by substituting "100 per cent" therefor.

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

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

## Financial Statements

Total comprehensive income

**B\$'000**  
**2,985**

## 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 Bolkiah Mu'izzaddin Waddaulah  
The Crown Prince and Senior Minister at the Prime Minister's Office

**As Chairman**

Yang Berhormat Pehin Orang Kaya Indera Pahlawan  
Dato Seri Setia Awang Haji Suyoi bin Haji Osman  
Minister of Education

**As Deputy Chairman**

Yang Berhormat Pehin Orang Kaya Laila Setia  
Dato Seri Setia Awang Haji Abd Rahman bin Haji Ibrahim  
Minister At Prime Minister's Office and Minister Of Finance II

Yang Mulia Dato Paduka Awang Haji Ali bin Apong  
Minister of Primary Resources and Tourism

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

Yang Mulia Dato Paduka Haji Hisham bin Haji Mohd Hanifah  
Deputy Minister of Finance

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

Yang Mulia Awang Haji Hamzah bin Haji Sulaiman  
Permanent Secretary (Economic and Finance), Prime Minister's Office  
Effective from 1 January 2016

Yang Mulia Awang Yusof bin Haji Abd Rahman  
Managing Director, Autoriti Monetari Brunei Darussalam

## Audit Committee

The members of the Audit Committee are as follows:

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

**Chairman**

Yang Mulia Awang Haji Zakaria bin Haji Serudin

Yang Mulia Awang Haji Azhar bin Haji Ahmad

Yang Mulia Awang Ahmaddin bin Haji Abdul Rahman

The Audit Committee has held several meetings in 2015. In performing its functions, the Audit Committee met with the Authority's external auditors to discuss the scope of their work, the results of their examination and evaluation of the Authority's internal accounting control system.

### **Auditors**

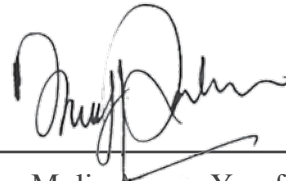
The auditors, Messrs Deloitte & Touche, have indicated their willingness to accept re-appointment.

For and on behalf of the Board



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



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Yang Mulia Awang Yusof bin  
Haji Abd Rahman  
**Managing Director**



## **INDEPENDENT AUDITOR’S REPORT**

### **AUTORITI MONETARI BRUNEI DARUSSALAM**

(Enacted in Brunei Darussalam)

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Autoriti Monetari Brunei Darussalam (“the Authority”) which comprise the statement of financial position as at 31 December 2015 and the statement of profit or loss and other comprehensive income, statement of distribution, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 69-94.

#### **Directors’ Responsibility for the Financial Statements**

The Authority’s directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Autoriti Monetari Brunei Darussalam Order, 2010 (“the Order”), Currency Order, 2004 (“the CO”) and International Financial Reporting Standards (“IFRS”). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor’s Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

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

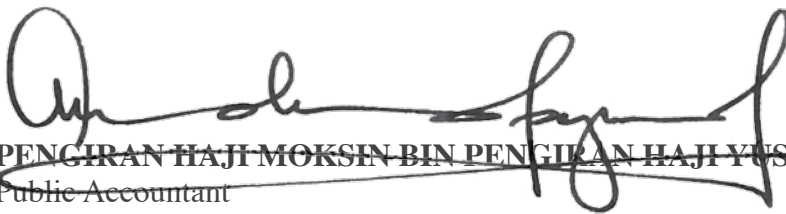
## Opinion

In our opinion,

- a) the financial statements of the Authority are properly drawn up in accordance with the Order, the CO and International Financial Reporting Standards (“IFRS”) so as to give a true and fair view of the state of affairs of the Authority as at 31 December 2015 and of the results, changes in equity and cash flows of the Authority for the year ended on that date according to the best of our information and the explanations given to us, and as shown by the books of the Authority; and
- b) we have obtained all the information and explanations that we required.



**DELOITTE & TOUCHE**  
Certified Public Accountants



~~PENGIRAN HAJI MOKSIN BIN PENGIRAN HAJI YUSOF~~  
Public Accountant

Brunei Darussalam  
Date:

**Statement of Financial Position**  
**As at 31 December 2015**

|  | Note  | 2015<br>B\$'000  | 2014<br>B\$'000  |
|--|-------|------------------|------------------|
| <b>ASSETS</b>  |       |                  |                  |
| <b><u>Non-current assets</u></b>   |       |                  |                  |
| Gold, property, plant & equipment  | 3     | 239,020          | 254,185          |
| <b>Total non-current assets</b>  |       | <b>239,020</b>   | <b>254,185</b>   |
| <b><u>Current assets</u></b>   |       |                  |                  |
| Securities   | 4     | 1,807,750        | 1,556,667        |
| Inventories  |       | 11,272           | 13,122           |
| Assets held with IMF   | 5     | 455,124          | 444,563          |
| Other assets   | 6     | 36,979           | 33,117           |
| Fixed deposits   |       | 308,332          | 15,039           |
| Cash and cash equivalents with banks and other<br>financial institutions | 7     | 1,885,334        | 2,510,607        |
| <b>Total current assets</b>  |       | <b>4,504,791</b> | <b>4,573,115</b> |
| <b>TOTAL ASSETS</b>  |       | <b>4,743,811</b> | <b>4,827,300</b> |
| <b>EQUITY &amp; LIABILITIES</b>  |       |                  |                  |
| <b><u>Equity</u></b>   |       |                  |                  |
| Capital  | 8     | 1,000,000        | 1,000,000        |
| Reserve funds  | 9 (a) | 80,450           | 76,429           |
| Currency valuation reserve   | 9 (b) | 994              | 460              |
| Market valuation reserve   | 9 (c) | -                | 10,954           |
| <b>Total equity</b>  |       | <b>1,081,444</b> | <b>1,087,843</b> |

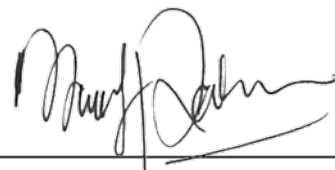
*The notes set out on pages 69 to 94 form part of these financial statements.*

|   | Note | 2015<br>B\$'000  | 2014<br>B\$'000  |
|---|------|------------------|------------------|
| <b><u>Non-current liabilities</u></b>                           |      |                  |                  |
| Provisions  | 10   | 13,099           | 21,788           |
| <b>Total non-current liabilities</b>                            |      | <b>13,099</b>    | <b>21,788</b>    |
| <b><u>Current liabilities</u></b>                               |      |                  |                  |
| Currency in circulation   | 11   | 1,321,956        | 1,271,710        |
| Payables to Government of Brunei Darussalam                     | 12   | 57,260           | 56,153           |
| Liabilities with IMF  | 5    | 399,152          | 389,989          |
| Other liabilities   | 13   | 31,549           | 266,959          |
| Deposits and balances of banks and other financial institutions | 14   | 1,839,351        | 1,732,858        |
| <b>Total current liabilities</b>                                |      | <b>3,649,268</b> | <b>3,717,669</b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b>                           |      | <b>4,743,811</b> | <b>4,827,300</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 Awang Yusof bin  
Haji Abd Rahman  
**Managing Director**

*The notes set out on pages 69 to 94 form part of these financial statements.*

## Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2015

|  | Note | 2015<br>B\$'000 | 2014<br>B\$'000 |
|--|------|-----------------|-----------------|
| Interest income                          | 15   | 6,841           | 1,885           |
|  |      | 6,841           | 1,885           |
| Net gains on financial assets            | 16   | 31,323          | 40,020          |
| Net (losses) / gains on gold revaluation | 17   | (13,769)        | 11,283          |
| Operating income                         | 18   | 6,253           | 6,213           |
|  |      | 23,807          | 57,516          |
| <b>Profit before operating expenses</b>  |      | 30,648          | 59,401          |
| Fee and commission expense               |      | (2,577)         | (2,871)         |
| Staff costs                              | 19   | (14,161)        | (12,568)        |
| Other operating expenses                 | 20   | (10,925)        | (10,933)        |
| <b>Profit for the year</b>               |      | <b>2,985</b>    | <b>33,029</b>   |
| Other comprehensive income               |      | -               | -               |
| <b>Total comprehensive income</b>        |      | <b>2,985</b>    | <b>33,029</b>   |

## Statement of Distribution For the year ended 31 December 2015

|   | Note     | 2015<br>B\$'000 | 2014<br>B\$'000 |
|---|----------|-----------------|-----------------|
| Total comprehensive income                                  |          | 2,985           | 33,029          |
| Transfer from reserve fund                                  | 2.20 (c) | -               | -               |
| Transfer from currency valuation reserve fund               | 2.19 (b) | -               | 13              |
| Transfer from market valuation reserve fund                 | 2.19 (d) | 10,954          | -               |
| <b>Earnings available for distribution</b>                  |          | <b>13,939</b>   | <b>33,042</b>   |
| <i>Distributed as follows:</i>                              |          |                 |                 |
| Transfer to reserve fund                                    | 2.20 (b) | (4,021)         | (6,627)         |
| Transfer to currency valuation reserve fund                 | 2.19 (a) | (534)           | -               |
| Transfer to market valuation reserve fund                   | 2.19 (c) | -               | (10,954)        |
| To be transferred to the Government of Brunei<br>Darussalam |          | (9,384)         | (15,461)        |
|   |          | -               | -               |

The notes set out on pages 69 to 94 form part of these financial statements.

**Statement of changes in equity**  
**For the year ended 31 December 2015**

|   | Share capital<br>B\$'000 | Distri-<br>butable<br>earnings<br>B\$'000 | Reserve<br>fund<br>B\$'000 | Currency<br>valuation<br>reserve<br>B\$'000 | Market<br>valuation<br>reserve<br>B\$'000 | Total<br>B\$'000 |
|---|--------------------------|---|----------------------------|---|---|------------------|
| <b>Balance as at 1 January 2014</b>             | <b>1,000,000</b>         | -   | <b>69,802</b>              | <b>473</b>                                  | -   | <b>1,070,275</b> |
| Total comprehensive income<br>for the year      | -                        | 33,029                                    | -                          | -   | -   | <b>33,029</b>    |
| <i>Transfer during the year:</i>                |                          |   |                            |   |   |                  |
| Transfer for distribution<br>of profits         | -                        | (17,568)                                  | 6,627                      | (13)  | 10,954                                    | -                |
| Transfer to Government<br>of Brunei Darussalam* | -                        | (15,461)                                  | -                          | -   | -   | <b>(15,461)</b>  |
| <b>Balance as at 31 December 2014</b>           | <b>1,000,000</b>         | -   | <b>76,429</b>              | <b>460</b>                                  | <b>10,954</b>                             | <b>1,087,843</b> |
| <b>Balance as at 1 January 2015</b>             | 1,000,000                | -   | 76,429                     | 460   | 10,954                                    | 1,087,843        |
| Total comprehensive income<br>for the year      | -                        | 2,985                                     | -                          | -   | -   | 2,985            |
| <i>Transfer during the year:</i>                |                          |   |                            |   |   |                  |
| Transfer for distribution<br>of profits         | -                        | -   | -                          | -   | -   | -                |
| Transfer to Government<br>of Brunei Darussalam* | -                        | 6,399                                     | 4,021                      | 534   | (10,954)                                  | -                |
| Transfer to Government<br>of Brunei Darussalam* | -                        | (9,384)                                   | -                          | -   | -   | (9,384)          |
| <b>Balance as at 31 December 2015</b>           | <b>1,000,000</b>         | -   | <b>80,450</b>              | <b>994</b>                                  | -   | <b>1,081,444</b> |

**Note:-**

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

The notes set out on pages 69 to 94 form part of these financial statements.

## Statement of Cash flows

### For the year ended 31 December 2015

|  | 2015      | 2014      |
|--|-----------|-----------|
|  | B\$'000   | B\$'000   |
| <b>Cash flows from operating activities</b>                        |           |           |
| Total comprehensive income   | 2,985     | 33,029    |
| <i>Adjustments for:</i>  |           |           |
| Depreciation on property, plant and equipment                      | 2,545     | 2,496     |
| Net losses / (gains) on gold revaluation                           | 13,769    | (11,283)  |
| Unrealised losses / (gains) on currency and market                 | 2,674     | (3,622)   |
|  | 21,973    | 20,620    |
| <b>Changes in operating assets and liabilities</b>                 |           |           |
| <b>(Increase) / Decrease in operating assets:</b>                  |           |           |
| Securities   | (253,756) | (40,673)  |
| Inventories  | 1,850     | 557       |
| Other assets   | (3,862)   | (3,827)   |
| Fixed deposits   | (293,293) | (15,039)  |
| <b>Increase / (Decrease) in operating liabilities:</b>             |           |           |
| Provisions   | (18,074)  | 348       |
| Payables to Government of Brunei Darussalam                        | (291)     | 523       |
| Other liabilities  | (235,410) | 240,569   |
| Deposits and balances of banks and other financial institutions    | 106,493   | (18,332)  |
| <b>Net cash (used in) / from operating activities</b>              | (696,343) | 164,126   |
| <b>Cash flows from investing activities</b>                        |           |           |
| Purchase of property, plant & equipment                            | (1,149)   | (3,251)   |
| <b>Net cash used in investing activities</b>                       | (1,149)   | (3,251)   |
| <b>Cash flows from financing activities:</b>                       |           |           |
| Increase in currency in circulation                                | 50,246    | 51,973    |
| <b>Net cash from financing activities</b>                          | 50,246    | 51,973    |
| <b>Net (decrease) / increase in cash &amp; cash equivalents</b>    | (625,273) | 233,468   |
| Cash and cash equivalents at beginning of the year (Note 7)        | 2,510,607 | 2,277,139 |
| <b>Cash &amp; cash equivalents at the end of the year (Note 7)</b> | 1,885,334 | 2,510,607 |

The Authority's cash and cash equivalents include restricted cash balances (Note 7)

The notes set out on pages 69 to 94 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 3 May 2016.

### 1. Domicile and activities

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

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

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

### 2. Summary of significant accounting policies

#### 2.1. Basis of preparation

##### 2.1.1. Statement of compliance

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

##### 2.1.2. Functional currency

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

##### 2.1.3. Basis of measurement

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

##### 2.1.4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

The Authority is of the opinion that any instances of applications of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.



## 2.2. Financial instruments

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

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

## 2.3. Financial assets

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

Financial assets are classified in the following categories: financial assets at fair value through profit or loss (“FVTPL”), and loan and receivables financial assets. Note 23 sets out the amount of each class of financial asset and their corresponding categories.

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

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

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

A financial asset is classified as held for trading if:

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

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

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

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

### *2.3.2. Loans and receivables*

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

### *2.3.3. Derecognition of financial assets*

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

### *2.3.4. Impairment of financial assets*

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

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

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

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

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

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

carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## **2.4. Financial liabilities**

Financial liabilities comprise currency in circulation, other payables, deposits and balances of banks and other financial institutions, and liabilities with the IMF.

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

### Classification as debt or equity

Financial liabilities and equity instruments issued by the Authority are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Authority after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### Other payables

Other payables are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method, except for short-term payables when the recognition of interest would be immaterial with interest expense recognised on an effective yield basis.

#### *2.4.1. Financial liabilities at fair value through profit or loss*

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

#### *2.4.2 Financial liabilities measured at amortised cost*

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

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

### 2.4.3. *Derecognition of financial liabilities*

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

## **2.5. Derivative financial instruments**

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

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

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

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

## **2.6. Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Authority takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

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

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

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

and measures of the risk-return factors inherent in the financial instrument. The Authority calibrates market transactions in the same instrument or based on other available observable market data.

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

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

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

### *2.7.1 Recognition and measurement*

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

### *2.7.2 Subsequent costs*

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

### *2.7.3 Depreciation*

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

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

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

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

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

## **2.8. Gold**

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

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

Gold held by the Authority is not actively traded.

## **2.9. Impairment on non-financial assets**

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

The recoverable amount of an asset or cash generating unit is the greater of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

## **2.10. Revenue recognition**

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

Revenue is measured at the fair value of the consideration received or receivable.

### *2.10.1. Interest income*

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

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

### *2.10.2. Dividend income*

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

### *2.10.3. Operating income*

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

## **2.11. Fee and commission expense**

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

## **2.12. Foreign currency transactions and translation**

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

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

## 2.13. Offsetting

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

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

## 2.14. Cash and cash equivalents

Cash and cash equivalents comprise of balances and short-term investments with less than or equal to three months maturity from the date of acquisition and currencies that are held for distribution. Breakdown of the maturity period of cash deposits and short-term investments are disclosed in Note 23 under sub-heading Liquidity Risk.

## 2.15. Inventory

Inventories consist of the currencies that are held for distribution and are measured at costs. The cost of inventories is based on the first-in first-out principle, and is defined as the sum of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

## 2.16. Currency in circulation

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

Currencies that are held for distribution are measured at cost. The cost is based on the first-in first-out principle, and is defined as the sum of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

The assets and liabilities of the Currency Fund as at 31 December 2015 are as follow:

|                                | <b>2015</b>          | <b>2014</b>          |
|--------------------------------|----------------------|----------------------|
|                                | <b>B\$'000</b>       | <b>B\$'000</b>       |
| External Assets:               |                      |                      |
| Gold                           | 219,573              | 233,342              |
| Securities                     | 903,779              | 778,891              |
| Cash & cash equivalents        | 353,341              | 792,749              |
| Other assets / (liabilities)   | 6,282                | (72,797)             |
|                                | <hr/> 1,482,975      | <hr/> 1,732,185      |
| Less:                          |                      |                      |
| Active currency in circulation | 1,321,956            | 1,271,710            |
|                                | <hr/> <b>161,019</b> | <hr/> <b>460,475</b> |



## **2.17. Provisions**

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

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

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

## **2.18. Employee benefits**

### *2.18.1. Defined contribution plans*

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

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

## **2.19. Distributable earnings**

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

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

## 2.20. Allocation of distributable earnings

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

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

## 2.21. Application of new and revised IFRSs

All new and amended applicable IFRS effective for this financial year have been applied consistently throughout these financial statements. There is no material impact of this application.

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

### *a) Amendment to IFRS 9 Financial Instruments*

IFRS 9 'Financial Instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 issued on 24 July 2014 clarifies requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets replacing IAS 39 Financial Instruments: Recognition and Measurement. This final version of IFRS 9 adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVTOCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

The version of IFRS 9 (2014) supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted. The application of the Amendment to IFRS 9 will not result in a significant impact on the Authority's financial statements.

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

|                                  | Gold<br>B\$'000 | Buildings<br>B\$'000 | Furniture,<br>fixtures &<br>fittings<br>B\$'000 | Motor<br>vehicles<br>B\$'000 | Office<br>equipment,<br>machinery<br>&<br>computers<br>B\$'000 | Total<br>B\$'000 |
|----------------------------------|-----------------|----------------------|---|------------------------------|--|------------------|
| <b>Cost</b>                      |                 |                      |   |                              |  |                  |
| Balance as at 1 January 2015     | 233,342         | 39,952               | 962   | 577                          | 10,785   | 285,618          |
| Additions                        | -               | 94                   | 40  | -                            | 1,015  | 1,149            |
| Revaluation                      | (13,769)        | -                    | -   | -                            | -  | (13,769)         |
| Balance as at 31 December 2015   | 219,573         | 40,046               | 1,002   | 577                          | 11,800   | 272,998          |
| <b>Accumulated depreciation</b>  |                 |                      |   |                              |  |                  |
| Balance as at 1 January 2015     | -               | 24,976               | 431   | 196                          | 5,830  | 31,433           |
| Depreciation charge for the year | -               | 483                  | 77  | 68                           | 1,917  | 2,545            |
| Balance as at 31 December 2015   | -               | 25,459               | 508   | 264                          | 7,747  | 33,978           |
| <b>Net book value</b>            |                 |                      |   |                              |  |                  |
| Balance as at 31 December 2015   | <b>219,573</b>  | <b>14,587</b>        | <b>494</b>                                      | <b>313</b>                   | <b>4,053</b>   | <b>239,020</b>   |

|                                  | Gold<br>B\$'000 | Buildings<br>B\$'000 | Furniture,<br>fixtures &<br>fittings<br>B\$'000 | Motor<br>vehicles<br>B\$'000 | Office<br>equipment,<br>machinery<br>&<br>computers<br>B\$'000 | Total<br>B\$'000 |
|----------------------------------|-----------------|----------------------|---|------------------------------|--|------------------|
| <b>Cost</b>                      |                 |                      |   |                              |  |                  |
| Balance as at 1 January 2014     | 222,060         | 39,794               | 613   | 310                          | 8,308  | 271,085          |
| Additions                        | -               | 158                  | 349   | 267                          | 2,477  | 3,251            |
| Revaluation                      | 11,282          | -                    | -   | -                            | -  | 11,282           |
| Balance as at 31 December 2014   | 233,342         | 39,952               | 962   | 577                          | 10,785   | 285,618          |
| <b>Accumulated depreciation</b>  |                 |                      |   |                              |  |                  |
| Balance as at 1 January 2014     | -               | 24,505               | 378   | 139                          | 3,915  | 28,937           |
| Depreciation charge for the year | -               | 471                  | 53  | 57                           | 1,915  | 2,496            |
| Balance as at 31 December 2014   | -               | 24,976               | 431   | 196                          | 5,830  | 31,433           |
| <b>Net book value</b>            |                 |                      |   |                              |  |                  |
| Balance as at 31 December 2014   | <b>233,342</b>  | <b>14,976</b>        | <b>531</b>                                      | <b>381</b>                   | <b>4,955</b>   | <b>254,185</b>   |

The Authority's asset held as gold is measured at fair value at the end of each reporting period. The fair value of asset held as gold is calculated using unadjusted quoted prices in active markets for identical assets. The fair value measurement of asset held as gold is under Level 1 (Note 24).

#### 4. Securities

|                            | <b>2015</b>      | <b>2014</b>      |
|----------------------------|------------------|------------------|
|                            | <b>B\$'000</b>   | <b>B\$'000</b>   |
| Government debt securities | 1,075,927        | 881,135          |
| Corporate debt securities  | 206,929          | 188,754          |
| Government treasury bills  | 478,266          | 436,733          |
| Equity                     | 46,628           | 50,045           |
|                            | <b>1,807,750</b> | <b>1,556,667</b> |

Debt securities with carrying amount B\$1,282,856,209 (2014: B\$1,069,889,301) have stated interest rates ranging from 0.50% to 4.60% (2014: from 0.13% to 4.60%) and have maturity of up to 30 years (2014: up to 30 years).

The performance of financial assets designated at fair value through profit or loss is actively monitored and they are managed on a fair value basis. The Authority's exposure to credit and market risks and fair value information related to securities are disclosed in note 23.

Securities include B\$903,779,224 (2014: B\$778,891,094) which is used as a backed up to the currency in circulation as at 31 December 2015, in compliance with the requirements of Section 24 of the CO (Note 2.16).

#### 5. Assets held and liabilities with IMF

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

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

The IMF account is as detailed below:

|   | <b>2015</b>    | <b>2014</b>    |
|---|----------------|----------------|
|   | <b>B\$'000</b> | <b>B\$'000</b> |
| <b><u>ASSETS</u></b>                                      |                |                |
| Foreign currency investment and claims:                   |                |                |
| IMF quota subscription                                    | 421,638        | 411,958        |
| <i>Less:</i>  |                |                |
| IMF No.1 currency account                                 | (84,193)       | (84,193)       |
| IMF securities account                                    | (291,132)      | (291,132)      |
| Currency valuation adjustment account                     | (19,524)       | (10,459)       |
| Reserve Tranche Position                                  | 26,789         | 26,174         |
| <i>Add:</i>   |                |                |
| SDR holdings  | 424,207        | 414,458        |
| Account receivable:                                       |                |                |
| Accrued remuneration on Brunei's reserve tranche position | 1              | 1              |
| Accrued interest on SDR holdings                          | 35             | 35             |
| IMF expenses on SDR allocation                            | 4,092          | 3,895          |
|   | <b>455,124</b> | <b>444,563</b> |
| <b><u>LIABILITIES</u></b>                                 |                |                |
| IMF No.2 currency account                                 | 378            | 378            |
| Currency valuation adjustment account No.2                | 20             | 11             |
| IMF SDR allocation  | 398,722        | 389,568        |
| IMF accrued expenses on SDR allocation                    | 32             | 32             |
|   | <b>399,152</b> | <b>389,989</b> |

## 6. Other assets

|                                  | <b>2015</b>    | <b>2014</b>    |
|----------------------------------|----------------|----------------|
|                                  | <b>B\$'000</b> | <b>B\$'000</b> |
| Interest and dividend receivable | 10,650         | 7,950          |
| World Bank subscription          | 19,631         | 19,631         |
| Prepayments                      | 4,998          | 1,703          |
| Trade pending settlement         | 536            | 2,775          |
| Sundry assets                    | 1,164          | 1,058          |
|                                  | <b>36,979</b>  | <b>33,117</b>  |

## 7. Cash and cash equivalents with banks and other financial institutions

|                                       | <b>2015</b>      | <b>2014</b>      |
|---------------------------------------|------------------|------------------|
|                                       | <b>B\$'000</b>   | <b>B\$'000</b>   |
| Cash                                  | 299,544          | 236,365          |
| Short-term deposits                   | 1,010,546        | 666,307          |
| Short-term Government treasury bills  | 575,185          | 1,606,873        |
| Short-term Government debt securities | 59               | 1,062            |
|                                       | <b>1,885,334</b> | <b>2,510,607</b> |

Cash and cash equivalents include B\$353,340,880 (2014: B\$792,748,654) which is restricted and are not available for use in the Authority's day to day operations. It is used as a backed up to the currency in circulation as at 31 December 2015, in compliance with the requirements of Section 24 of the CO (Note 2.16).

## 8. Capital

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

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

## 9. Reserve funds

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

- (a) a Reserve Fund which shall not be used except for the purpose of covering losses sustained by the Authority;
- (b) a Currency Valuation Reserve Fund which shall be used to account for realized and unrealised gains and losses arising from its positions with foreign currencies;
- (c) a Market Valuation Reserve Fund which shall be used to account for unrealised gains and losses arising from its positions with gold, financial instrument and other assets; and
- (d) such other funds as the Authority may determine.

## 10. Provisions

|   |     | <b>2015</b>    | <b>2014</b>    |
|---|-----|----------------|----------------|
|   |     | <b>B\$'000</b> | <b>B\$'000</b> |
| Provision for seconded staff costs                                      | (a) | 2,276          | 5,238          |
| Provision for incentive scheme  | (b) | 1,377          | 1,033          |
| Provision for leave expenses  | (c) | 62             | 56             |
| Provision for distributable earnings to Government of Brunei Darussalam | (d) | 9,384          | 15,461         |
|   |     | <b>13,099</b>  | <b>21,788</b>  |

- a) The provision for seconded staff costs comprises of the staff costs for the Government officers and staff who were seconded to the Authority for the year 2011-2012.
- b) The provision for incentive scheme relates to a post-employment benefit plan under which the Authority contributes 5 or 10 percent of employee's monthly salary depending on the employee's annual performance. This will be invested through third party or any institution approved by the Board. This incentive scheme is recognised as an employee benefits expense under "Other operating expenses" in the statement of profit or loss and other comprehensive income.
- c) The provision of leave expenses is to account for the amount of accumulated leave which has a vesting interest on the Authority by calculating the days of leave accumulated against the salary as at 31 December 2015.
- d) The provision for distributable earnings to Government of Brunei Darussalam is as follows:

|                                     | <b>2015</b>    | <b>2014</b>    |
|-------------------------------------|----------------|----------------|
|                                     | <b>B\$'000</b> | <b>B\$'000</b> |
| As at 1 January                     | 15,461         | -              |
| Distributable earnings for the year | 9,384          | 15,461         |
| Payment made during the year        | (15,461)       | -              |
| <b>As at 31 December</b>            | <b>9,384</b>   | <b>15,461</b>  |

## 11. Currency in circulation

|                       | <b>2015</b>      | <b>2014</b>      |
|-----------------------|------------------|------------------|
| <b>Denomination</b>   | <b>B\$'000</b>   | <b>B\$'000</b>   |
| \$1                   | 37,039           | 35,666           |
| \$5                   | 25,367           | 23,874           |
| \$10                  | 133,194          | 129,600          |
| \$20                  | 12,318           | 11,751           |
| \$25                  | 8,439            | 8,445            |
| \$50                  | 42,025           | 41,509           |
| \$100                 | 615,201          | 583,413          |
| \$500                 | 197,274          | 197,875          |
| \$1,000               | 106,758          | 90,007           |
| \$10,000              | 103,050          | 109,540          |
| Other notes and coins | 41,291           | 40,030           |
|                       | <b>1,321,956</b> | <b>1,271,710</b> |

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

## 12. Payables to the Government of Brunei Darussalam

|   | <b>2015</b>    | <b>2014</b>    |
|---|----------------|----------------|
|   | <b>B\$'000</b> | <b>B\$'000</b> |
| Payables to the Government of Brunei Darussalam on IMF holdings | 55,971         | 54,574         |
| Payables to the Government of Brunei Darussalam                 | 1,289          | 1,579          |
|   | <b>57,260</b>  | <b>56,153</b>  |

## 13. Other liabilities

|  | <b>2015</b>    | <b>2014</b>    |
|--|----------------|----------------|
|  | <b>B\$'000</b> | <b>B\$'000</b> |
| Trade pending settlement               | -              | 239,787        |
| Accrued expenses                       | 6,723          | 3,882          |
| Deposits by international institutions | 19,651         | 19,651         |
| Other liabilities                      | 5,175          | 3,639          |
|  | <b>31,549</b>  | <b>266,959</b> |

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

|                       | <b>2015</b>      | <b>2014</b>      |
|-----------------------|------------------|------------------|
|                       | <b>B\$'000</b>   | <b>B\$'000</b>   |
| Minimum cash balance: |                  |                  |
| Commercial banks      | 779,028          | 846,702          |
| Finance companies     | 97,832           | 101,347          |
| Reserve account:      |                  |                  |
| Commercial banks      | 817,000          | 577,000          |
| Current account:      |                  |                  |
| Commercial banks      | 145,491          | 207,809          |
|                       | <b>1,839,351</b> | <b>1,732,858</b> |



Deposits from banks and other financial institutions include:

- a) The minimum cash balance maintained by banks and finance companies with the Authority as required under Section 45 of the Banking Order, 2006 and the Islamic Banking Order, 2008 and Section 13A of the Finance Companies Act (Chapter 89) respectively. Deposits from companies holding licenses under the Securities Order (SO), 2001 represents statutory deposits as required under Section 27 of the SO 2001.
- b) The reserve accounts shall be used for the maintenance of the bank's cash balances with the Authority. For the Asset Maintenance Requirement, the cash balances in the reserve account may be recognised as an eligible asset as defined in regulation 2 of the Deposit Protection Regulations, 2010 (S111/10) for the purpose of computing the asset maintenance ratio. This account was introduced in 2012.
- c) The current account maintained by the banks with the Authority shall be used as a settlement account for each bank within the Real-Time Gross Settlement ("RTGS"). RTGS is a process and computer installations providing continuous (real-time) settlement of fund transfers individually on an order basis (without netting).

## 15. Interest income

Interest income is inclusive of interest that is earned from placement of fixed deposits, cash and cash equivalents. For the year ended 31 December 2015, the Authority earned B\$6,841,044 (2014: B\$1,885,176)

## 16. Net gains on financial assets

|                                   | <b>2015</b>    | <b>2014</b>    |
|-----------------------------------|----------------|----------------|
|                                   | <b>B\$'000</b> | <b>B\$'000</b> |
| Debt securities                   |                |                |
| - Market gains                    | 3,280          | 15,532         |
| - Bonds interest                  | 29,109         | 22,616         |
| Equity                            |                |                |
| - Market (losses) / gains         | (3,156)        | 687            |
| - Dividend                        | 2,021          | 1,610          |
| Foreign exchange gains / (losses) | 69             | (425)          |
|                                   | <b>31,323</b>  | <b>40,020</b>  |

## 17. Net (losses) / gains on gold revaluation

|                                       | <b>2015</b>     | <b>2014</b>    |
|---------------------------------------|-----------------|----------------|
|                                       | <b>B\$'000</b>  | <b>B\$'000</b> |
| Net (losses) / gains attributable to: |                 |                |
| - Changes in market price             | (36,447)        | (3,868)        |
| - Changes in foreign exchange         | 22,678          | 15,151         |
|                                       | <b>(13,769)</b> | <b>11,283</b>  |

## 18. Operating income

|  | <b>2015</b>    | <b>2014</b>    |
|--|----------------|----------------|
|  | <b>B\$'000</b> | <b>B\$'000</b> |
| Registry of international business companies                         | 2,890          | 2,981          |
| Registration and licensing of banks and other financial institutions | 1,988          | 1,712          |
| Credit Bureau services   | 665            | 609            |
| Sale of commemorative coins  | 145            | 765            |
| Payment settlements  | 458            | 112            |
| Other income   | 107            | 34             |
|  | <b>6,253</b>   | <b>6,213</b>   |

## 19. Staff costs

|                            | <b>2015</b>    | <b>2014</b>    |
|----------------------------|----------------|----------------|
|                            | <b>B\$'000</b> | <b>B\$'000</b> |
| Salaries and wages         | 8,088          | 7,437          |
| Bonuses                    | 1,584          | 1,310          |
| Long-term incentive scheme | 350            | 382            |
| Allowances                 | 2,006          | 1,900          |
| Other staff costs          | 2,133          | 1,539          |
|                            | <b>14,161</b>  | <b>12,568</b>  |

## 20. Other operating expenses

|   | <b>2015</b>    | <b>2014</b>    |
|---|----------------|----------------|
|   | <b>B\$'000</b> | <b>B\$'000</b> |
| Depreciation                            | 2,545          | 2,496          |
| Consultancy and development expenditure | 2,061          | 3,080          |
| Other expenses                          | 6,319          | 5,357          |
|   | <b>10,925</b>  | <b>10,933</b>  |

## 21. Capital management

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

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

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

## 22. Related party

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

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

## 23. Financial instruments

### *Categories of financial instruments*

|  | Carrying amount<br>B\$'000 | At fair value through<br>profit or loss<br>B\$'000 | Loans and<br>receivables<br>B\$'000 | Financial<br>liabilities held<br>at amortised<br>cost<br>B\$'000 |
|--|----------------------------|--|-------------------------------------|--|
| <b>31 December 2015</b>  |                            |  |                                     |  |
| <b><u>Financial assets</u></b>   |                            |  |                                     |  |
| Securities   | 1,807,750                  | 1,807,750  | -                                   | -  |
| Assets held with IMF   | 455,124                    | -  | 455,124                             | -  |
| Other assets   | 31,981                     | -  | 31,981                              | -  |
| Fixed deposits   | 308,332                    | -  | 308,332                             | -  |
| Cash and cash equivalents with banks and other<br>financial institutions | 1,885,334                  | -  | 1,885,334                           | -  |
|  | <b>4,488,521</b>           | <b>1,807,750</b>                                   | <b>2,680,771</b>                    | <b>-</b>   |
| <b><u>Financial Liabilities</u></b>                                      |                            |  |                                     |  |
| Currency in circulation  | 1,321,956                  | -  | -                                   | 1,321,956  |
| Payables to Government of Brunei Darussalam                              | 57,260                     | -  | -                                   | 57,260   |
| Liabilities with IMF   | 399,152                    | -  | -                                   | 399,152  |
| Other liabilities  | 31,549                     | -  | -                                   | 31,549   |
| Deposits and balances of banks and other financial<br>institutions       | 1,839,351                  | -  | -                                   | 1,839,351  |
|  | <b>3,649,268</b>           | <b>-</b>   | <b>-</b>                            | <b>3,649,268</b>   |

## 31 December 2014

### Financial assets

|  | Carrying amount<br>B\$'000 | At fair value<br>through<br>profit or loss<br>B\$'000 | Loans and<br>receivables<br>B\$'000 | Financial<br>liabilities held<br>at amortised<br>cost<br>B\$'000 |
|--|----------------------------|---|-------------------------------------|--|
| Securities   | 1,556,667                  | 1,556,667   | -                                   | -  |
| Assets held with IMF   | 444,563                    | -   | 444,563                             | -  |
| Other assets   | 31,414                     | -   | 31,414                              | -  |
| Fixed deposits   | 15,039                     | -   | 15,039                              | -  |
| Cash and cash equivalents with banks and other<br>financial institutions | 2,510,607                  | -   | 2,510,607                           | -  |
|  | <b>4,558,290</b>           | <b>1,556,667</b>                                      | <b>3,001,623</b>                    | <b>-</b>   |
| <b><u>Financial Liabilities</u></b>                                      |                            |   |                                     |  |
| Currency in circulation  | 1,271,710                  | -   | -                                   | 1,271,710  |
| Payables to Government of Brunei Darussalam                              | 56,153                     | -   | -                                   | 56,153   |
| Liabilities with IMF   | 389,989                    | -   | -                                   | 389,989  |
| Other liabilities  | 266,959                    | -   | -                                   | 266,959  |
| Deposits and balances of banks and other financial<br>institutions       | 1,732,858                  | -   | -                                   | 1,732,858  |
|  | <b>3,717,669</b>           | <b>-</b>  | <b>-</b>                            | <b>3,717,669</b>   |

### *Financial risk management*

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

#### *Credit risk*

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

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

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

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

|   | 2015<br>B\$'000  | 2014<br>B\$'000  |
|---|------------------|------------------|
| Securities  | 1,807,750        | 1,556,667        |
| Other assets  | 31,981           | 31,414           |
| Fixed deposits  | 308,332          | 15,039           |
| Cash and cash equivalents with banks and other financial institutions | 1,885,334        | 2,510,607        |
|   | <b>4,033,397</b> | <b>4,113,727</b> |

The Authority acts as the depository agent for the Government for IMF Membership. The Authority is not exposed to credit risk for these deposits.

### *Liquidity risk*

Liquidity risk is the risk that the Authority will encounter difficulty in meeting the commitments associated with liabilities and other payment obligations. Such risk may result from inadequate market depth or disruption or refinancing problems.

The Authority's objective is to ensure that adequate liquidity is maintained at all times. The Authority manages such risk by investing mainly in liquid money market instruments for maturities not exceeding 12 months so as to meet its day-to-day liquidity need. Alongside this, the Authority imposes exposure limits on its approved counterparty list. Diversification of the fund is also achieved by investing in other asset classes such as debt securities, equities and precious metals.

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

|  | No specific maturity<br>B\$'000 | Up to 1<br>mth<br>B\$'000 | 1 - 3 mths<br>B\$'000 | 3 - 12 mths<br>B\$'000 | 1 - 5 yrs<br>B\$'000 | > 5 yrs<br>B\$'000 | Total<br>B\$'000 |
|--|---------------------------------|---------------------------|-----------------------|------------------------|----------------------|--------------------|------------------|
| <b>31 December 2015</b>  |                                 |                           |                       |                        |                      |                    |                  |
| <b><u>Financial assets</u></b>   |                                 |                           |                       |                        |                      |                    |                  |
| Debt Securities  | -                               | -                         | -                     | 25,593                 | 410,175              | 847,088            | <b>1,282,856</b> |
| Government<br>treasury bills   | -                               | -                         | -                     | 448,328                | 29,938               | -                  | <b>478,266</b>   |
| Equity   | 46,628                          | -                         | -                     | -                      | -                    | -                  | <b>46,628</b>    |
| Assets held with IMF   | 455,124                         | -                         | -                     | -                      | -                    | -                  | <b>455,124</b>   |
| Other assets   | 20,795                          | 11,186                    | -                     | -                      | -                    | -                  | <b>31,981</b>    |
| Fixed deposits   | -                               | -                         | -                     | 308,332                | -                    | -                  | <b>308,332</b>   |
| Cash and cash<br>equivalents with<br>banks and other<br>financial institutions | -                               | 389,185                   | 1,496,149             | -                      | -                    | -                  | <b>1,885,334</b> |
|  | <b>522,547</b>                  | <b>400,371</b>            | <b>1,496,149</b>      | <b>782,253</b>         | <b>440,113</b>       | <b>847,088</b>     | <b>4,488,521</b> |
| <b><u>Financial liabilities</u></b>  |                                 |                           |                       |                        |                      |                    |                  |
| Currency in Circulation  | 1,321,956                       | -                         | -                     | -                      | -                    | -                  | <b>1,321,956</b> |
| Payables to<br>Government of<br>Brunei Darussalam                              | 57,260                          | -                         | -                     | -                      | -                    | -                  | <b>57,260</b>    |
| Liabilities with IMF   | 399,152                         | -                         | -                     | -                      | -                    | -                  | <b>399,152</b>   |
| Other liabilities  | 31,549                          | -                         | -                     | -                      | -                    | -                  | <b>31,549</b>    |
| Deposits and balances<br>of banks and other<br>financial institutions          | 1,693,860                       | 145,491                   | -                     | -                      | -                    | -                  | <b>1,839,351</b> |
|  | <b>3,503,777</b>                | <b>145,491</b>            | <b>-</b>              | <b>-</b>               | <b>-</b>             | <b>-</b>           | <b>3,649,268</b> |

|  | No specific maturity<br>B\$'000 | Up to 1<br>mth<br>B\$'000 | 1 - 3 mths<br>B\$'000 | 3 - 12 mths<br>B\$'000 | 1 - 5 yrs<br>B\$'000 | > 5 yrs<br>B\$'000 | Total<br>B\$'000 |
|--|---------------------------------|---------------------------|-----------------------|------------------------|----------------------|--------------------|------------------|
| <b>31 December 2014</b>  |                                 |                           |                       |                        |                      |                    |                  |
| <b><u>Financial assets</u></b>   |                                 |                           |                       |                        |                      |                    |                  |
| Debt Securities  | -                               | -                         | -                     | 89,953                 | 326,313              | 653,623            | <b>1,069,889</b> |
| Government<br>treasury bills   | -                               | -                         | -                     | 432,756                | 3,977                | -                  | <b>436,733</b>   |
| Equity   | 50,045                          | -                         | -                     | -                      | -                    | -                  | <b>50,045</b>    |
| Assets held with IMF   | 444,563                         | -                         | -                     | -                      | -                    | -                  | <b>444,563</b>   |
| Other assets   | 20,689                          | 10,725                    | -                     | -                      | -                    | -                  | <b>31,414</b>    |
| Fixed deposits   | -                               | -                         | -                     | 15,039                 | -                    | -                  | <b>15,039</b>    |
| Cash and cash<br>equivalents with<br>banks and other<br>financial institutions | -                               | 947,292                   | 1,563,315             | -                      | -                    | -                  | <b>2,510,607</b> |
|  | <b>515,297</b>                  | <b>958,017</b>            | <b>1,563,315</b>      | <b>537,748</b>         | <b>330,290</b>       | <b>653,623</b>     | <b>4,558,290</b> |
| <b><u>Financial liabilities</u></b>  |                                 |                           |                       |                        |                      |                    |                  |
| Currency in Circulation  | 1,271,710                       | -                         | -                     | -                      | -                    | -                  | <b>1,271,710</b> |
| Payables to<br>Government of<br>Brunei Darussalam                              | 56,153                          | -                         | -                     | -                      | -                    | -                  | <b>56,153</b>    |
| Liabilities with IMF   | 389,989                         | -                         | -                     | -                      | -                    | -                  | <b>389,989</b>   |
| Other liabilities  | 27,172                          | 239,787                   | -                     | -                      | -                    | -                  | <b>266,959</b>   |
| Deposits and balances<br>of banks and other<br>financial institutions          | 1,525,049                       | 207,809                   | -                     | -                      | -                    | -                  | <b>1,732,858</b> |
|  | <b>3,270,073</b>                | <b>447,596</b>            | -                     | -                      | -                    | -                  | <b>3,717,669</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.

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

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

## *Interest rate risk*

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

The Authority has holdings of interest-bearing financial instruments in the form of deposits ranging from 0.86% to 1.45% (2014: 0.05% to 0.81%) and fixed-income bonds ranging from 0.00% to 4.60% (2014: 0.00% to 4.60%).

The maximum duration of the Authority's holding of fixed-income instruments in its investment portfolio as at 31 December 2015 is 30 years (2014: 30 years).

### *Sensitivity to interest rate risk*

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

|                                     | <b>Carrying<br/>amount<br/>2015<br/>B\$'000</b> | <b>Carrying<br/>amount<br/>2014<br/>B\$'000</b> |
|-------------------------------------|---|---|
| <b><u>Financial assets:</u></b>     |   |   |
| Securities                          | 1,761,122                                       | 1,506,622                                       |
| Fixed deposits                      | 308,332   | 15,039  |
| Cash & cash equivalents             | 575,244   | 2,274,242                                       |
|                                     | <b>2,644,698</b>                                | <b>3,795,903</b>                                |
| <b><u>Financial Liabilities</u></b> | -   | -   |
|                                     | -   | -   |

The figures below show the effect on the Authority's fixed and floating rate instruments' interest income of a movement of 10 basis points in interest rates as at 31 December 2015. A change of 10 basis points in interest rates for fixed rate instruments, would result in an increase or decrease of B\$1,279,416 in the Authority's equity and profit or loss. A change of 10 basis points in interest rate for floating rate instruments would increase or decrease the Authority's equity and profit or loss by B\$3,499. These figures are generally reflective of the Authority's exposure over the financial year.

| Asset         | + 10 b.p. movement<br>B\$'000 | -10 b.p. movement<br>B\$'000 |
|---------------|-------------------------------|------------------------------|
| Fixed-rate    | (1,279)                       | 1,279                        |
| Floating-rate | (3)                           | 3                            |

## Foreign exchange risk

Foreign exchange risk is the risk that the fair value of the instrument will vary due to changes in currency exchange rates. The Authority holds forward contracts amounting to principal amount of B\$22,770,623.71 for year ended 2015 (2014: B\$15,517,026) to hedge its exposure to foreign exchange risk.

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

As at 31 December 2015, the Authority's net exposure to major currencies, in Brunei Dollar terms, is:

|                        | 2015<br>B\$'000  | 2014<br>B\$'000  |
|------------------------|------------------|------------------|
| <b>Securities:</b>     |                  |                  |
| US dollar (USD)        | 22,267           | 15,855           |
| Singapore dollar (SGD) | 1,785,483        | 1,540,812        |
|                        | <b>1,807,750</b> | <b>1,556,667</b> |

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

A 10% strengthening of the Brunei dollar against the USD, EUR, HKD, JPY, GBP and Other currencies at 31 December 2015 would have decreased profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Authority considered to be reasonably possible at the end of reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

|                    | 2015<br>B\$'000 | 2014<br>B\$'000 |
|--------------------|-----------------|-----------------|
| <b>Securities:</b> |                 |                 |
| US dollar (USD)    | 2,227           | 1,586           |
|                    | <b>2,227</b>    | <b>1,586</b>    |

A weakening of the Brunei dollar against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

There is no analysis performed on movement against the Singapore dollar as the Brunei dollar is pegged to the Singapore dollar at parity under the Currency Interchangeability Agreement (CIA) signed between the Government of Negara Brunei Darussalam and the Government of Republic of Singapore and is customary tender in Singapore and vice-versa.

## 24. Fair Value Measurement

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

The Authority considers that the carrying amounts of financial assets and financial liabilities which are classified under loans and receivables and held at amortised cost approximate their fair values due to their relatively short term maturity.



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

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

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

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

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

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

|   | Level 1<br>B\$'000 | Level 2<br>B\$'000 | Level 3<br>B\$'000 | Total<br>B\$'000 |
|---|--------------------|--------------------|--------------------|------------------|
| <b>31 December 2015</b>   |                    |                    |                    |                  |
| <b><u>Financial assets</u></b>  |                    |                    |                    |                  |
| Securities  | 1,807,750          |                    |                    | <b>1,807,750</b> |
| Assets held with IMF  | 455,124            |                    |                    | <b>455,124</b>   |
| Other assets  | 31,981             |                    |                    | <b>31,981</b>    |
| Fixed deposits  | 308,332            |                    |                    | <b>308,332</b>   |
| Cash and cash equivalents with banks and other financial institutions | 1,885,334          |                    |                    | <b>1,885,334</b> |
|   | <b>4,488,521</b>   |                    |                    | <b>4,488,521</b> |
| <b><u>Financial Liabilities</u></b>                                   |                    |                    |                    |                  |
| Currency in circulation   | 1,321,956          |                    |                    | <b>1,321,956</b> |
| Payables to Government of Brunei Darussalam                           | 57,260             |                    |                    | <b>57,260</b>    |
| Liabilities with IMF  | 399,152            |                    |                    | <b>399,152</b>   |
| Other liabilities   | 31,549             |                    |                    | <b>31,549</b>    |
| Deposits and balances of banks and other financial institutions       | 1,839,351          |                    |                    | <b>1,839,351</b> |
|   | <b>3,649,268</b>   |                    |                    | <b>3,649,268</b> |

Securities are valued using quoted bid prices in an active market (Level 1).



**08**

# **Key Events And Activities**



**Hari Raya Get-Together  
with His Royal Highness Chairman  
of AMBD**



## AMBD Day 2015



**Financial Literacy  
Forum**

**ASEAN+3 Finance  
Ministers and  
Central Bank  
Governors Meeting**



**26<sup>th</sup> Meeting of the  
IFSB Council, 13th  
General Assembly  
and Other Events  
Financial Literacy**

**AMBD Workshop on Reducing Cross-Border Expenditure of Bruneians: Promoting Brunei as the Preferred Destination for All by 2020**



**SEACEN Course on Monetary Policy and Management**

**AMBD Risk Management Course**



**AMBD-CSPS Memorandum of Understanding on Financial Literacy**



## **Global Money Week**

## **AMBD Sale of Uncut Notes**



**Tahlil and Royal  
Mausoleum**



**AMBD Hari Raya**

**National Day**



**Maulud Nabi**



**Fardhu Kifayah**



**Khatam Al-Quran**



**AMBD Cleaning Campaign**



**Cleaning Campaign at Cemetery**



**“Projek Keluarga”**

## AMBD Fire Marshall Training



## AMBD Games



## SCB Trophy



## Pusat Ehsan Run

## AMBD Friendly with Banks





|   |     |
|---|-----|
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| <b>Annex 1: Circulation of Brunei Notes</b> |                                |   |  |                          |
|---|--------------------------------|---|--|--------------------------|
| <b>Denomination</b>                         | <b>Held by Banks in Brunei</b> | <b>Held by Monetary Authority of Singapore Pending Repatriation</b> | <b>Held Otherwise (Active Circulation)</b> | <b>Gross Circulation</b> |
| BND 1                                       | 998,064.20                     | 38,769.00   | 36,002,203.80                              | 37,039,037.00            |
| BND 5                                       | 1,364,397.50                   | 39,460.00   | 23,963,118.50                              | 25,366,976.00            |
| BND 10                                      | 13,114,422.00                  | 2,755,190.00  | 117,324,455.00                             | 133,194,067.00           |
| BND 20                                      | 284,550.00                     | 6,220.00  | 12,027,160.00                              | 12,317,930.00            |
| BND 25                                      | 159,475.00                     | 650.00  | 8,278,545.50                               | 8,438,670.50             |
| BND 50                                      | 3,375,550.00                   | 1,204,200.00  | 37,445,236.00                              | 42,024,986.00            |
| BND 100                                     | 106,762,550.00                 | 72,450,300.00   | 435,987,737.00                             | 615,200,587.00           |
| BND 500                                     | 14,588,500.00                  | 17,994,500.00   | 164,690,500.00                             | 197,273,500.00           |
| BND 1,000                                   | 25,718,000.00                  | 9,046,000.00  | 71,994,500.00                              | 106,758,500.00           |
| BND 10,000                                  | 14,260,000.00                  | 4,630,000.00  | 84,160,000.00                              | 103,050,000.00           |
| <b>TOTAL (BND)</b>                          | <b>180,625,508.70</b>          | <b>108,165,289.00</b>   | <b>991,873,455.80</b>                      | <b>1,280,664,253.50</b>  |

\*As of 31 December 2015

Source: Monetary Operations Division, AMBD

| <b>Annex 2: Circulation of Brunei Coins</b> |                                |  |                          |
|---|--------------------------------|--|--------------------------|
| <b>Denomination</b>                         | <b>Held by Banks in Brunei</b> | <b>Held Otherwise (Active Circulation)</b> | <b>Gross Circulation</b> |
| 1¢  | 1,739.07                       | 697,162.65                                 | 698,901.72               |
| 5¢  | 2,654.15                       | 2,719,027.75                               | 2,721,681.90             |
| 10¢   | 6,994.00                       | 7,411,843.30                               | 7,418,837.30             |
| 20¢   | 8,177.40                       | 10,130,277.40                              | 10,138,454.80            |
| 25¢   | 0.00                           | 85.75                                      | 85.75                    |
| 50¢   | 9,228.00                       | 10,270,905.50                              | 10,280,133.50            |
| BND 1                                       | 0.00                           | 81,710.00                                  | 81,710.00                |
| BND 2                                       | 0.00                           | 8,482.00                                   | 8,482.00                 |
| BND 2.50                                    | 0.00                           | 765.00                                     | 765.00                   |
| BND 3                                       | 0.00                           | 23,075.00                                  | 23,075.00                |
| BND 5                                       | 0.00                           | 298,925.00                                 | 298,925.00               |
| BND 10                                      | 0.00                           | 353,635.00                                 | 353,635.00               |
| BND 20                                      | 0.00                           | 389,710.00                                 | 389,710.00               |
| BND 25 (Jubilee)                            | 0.00                           | 200,225.00                                 | 200,225.00               |
| BND 30                                      | 0.00                           | 113,031.00                                 | 113,031.00               |
| BND 50 (Jubilee)                            | 0.00                           | 504,950.00                                 | 504,950.00               |
| BND 100                                     | 0.00                           | 993,700.00                                 | 993,700.00               |
| BND 200                                     | 0.00                           | 324,000.00                                 | 324,000.00               |
| BND 250                                     | 0.00                           | 249,000.00                                 | 249,000.00               |
| BND 300                                     | 0.00                           | 42,000.00                                  | 42,000.00                |
| BND 500                                     | 0.00                           | 994,500.00                                 | 994,500.00               |
| BND 750                                     | 0.00                           | 747,750.00                                 | 747,750.00               |
| BND 1,000                                   | 0.00                           | 4,708,000.00                               | 4,708,000.00             |
| <b>TOTAL (BND)</b>                          | <b>28,792.62</b>               | <b>41,262,76035</b>                        | <b>41,291,552.97</b>     |

\*As of 31 December 2015

Source: Monetary Operations Division, AMBD

**Annex 3: Brunei Government Sukuk Al-Ijarah Issuance**

| <b>YEAR</b> | <b>SERIES</b>    | <b>ISSUANCE DATE</b> | <b>TENOR</b> | <b>MATURITY DATE</b> | <b>TOTAL (BND)</b> | <b>RENTAL YIELD (Percent)</b> |
|-------------|------------------|----------------------|--------------|----------------------|--------------------|-------------------------------|
| <b>2006</b> | <b>SERIES 1</b>  | 6-Apr-06             | 91           | 06-Jul-06            | 150,000,000.00     | 3.400                         |
|             | <b>SERIES 2</b>  | 29-Jun-06            | 91           | 28-Sep-06            | 150,000,000.00     | 3.375                         |
|             | <b>SERIES 3</b>  | 13-Jul-06            | 91           | 12-Oct-06            | 150,000,000.00     | 3.350                         |
|             | <b>SERIES 4</b>  | 2-Nov-06             | 91           | 01-Feb-07            | 120,000,000.00     | 3.375                         |
| <b>2007</b> | <b>SERIES 5</b>  | 15-Feb-07            | 91           | 17-May-07            | 90,000,000.00      | 3.150                         |
|             | <b>SERIES 6</b>  | 12-Apr-07            | 91           | 12-Jul-07            | 70,000,000.00      | 2.700                         |
|             | <b>SERIES 7</b>  | 21-Jun-07            | 91           | 20-Sep-07            | 70,000,000.00      | 2.275                         |
|             | <b>SERIES 8</b>  | 12-Jul-07            | 364          | 10-Jul-08            | 45,000,000.00      | 2.300                         |
|             | <b>SERIES 9</b>  | 16-Aug-07            | 91           | 15-Nov-07            | 80,000,000.00      | 2.450                         |
|             | <b>SERIES 10</b> | 25-Oct-07            | 91           | 24-Jan-08            | 50,000,000.00      | 2.275                         |
|             | <b>SERIES 11</b> | 6-Dec-07             | 91           | 06-Mar-08            | 45,000,000.00      | 2.188                         |
| <b>2008</b> | <b>SERIES 12</b> | 24-Jan-08            | 364          | 22-Jan-09            | 30,000,000.00      | 1.500                         |
|             | <b>SERIES 13</b> | 5-Jun-08             | 91           | 04-Sep-08            | 40,000,000.00      | 0.925                         |
|             | <b>SERIES 14</b> | 19-Jun-08            | 91           | 18-Sep-08            | 28,000,000.00      | 0.880                         |
|             | <b>SERIES 15</b> | 17-Jul-08            | 91           | 16-Oct-08            | 15,000,000.00      | 0.600                         |
|             | <b>SERIES 16</b> | 7-Aug-08             | 91           | 06-Nov-08            | 9,000,000.00       | 0.550                         |
|             | <b>SERIES 17</b> | 21-Aug-08            | 91           | 20-Nov-08            | 24,000,000.00      | 0.750                         |
|             | <b>SERIES 18</b> | 11-Sep-08            | 91           | 11-Dec-08            | 45,000,000.00      | 1.000                         |
|             | <b>SERIES 19</b> | 9-Oct-08             | 91           | 08-Jan-09            | 35,000,000.00      | 1.430                         |
|             | <b>SERIES 20</b> | 23-Oct-08            | 364          | 22-Oct-09            | 35,000,000.00      | 1.150                         |
|             | <b>SERIES 21</b> | 6-Nov-08             | 91           | 05-Feb-09            | 18,000,000.00      | 0.920                         |
|             | <b>SERIES 22</b> | 20-Nov-08            | 91           | 19-Feb-09            | 35,000,000.00      | 0.600                         |
|             | <b>SERIES 23</b> | 18-Dec-08            | 91           | 19-Mar-09            | 60,000,000.00      | 0.650                         |
| <b>2009</b> | <b>SERIES 24</b> | 5-Feb-09             | 91           | 07-May-09            | 31,000,000.00      | 0.400                         |
|             | <b>SERIES 25</b> | 19-Feb-09            | 91           | 21-May-09            | 60,000,000.00      | 0.390                         |
|             | <b>SERIES 26</b> | 5-Mar-09             | 364          | 04-Mar-10            | 11,000,000.00      | 0.500                         |
|             | <b>SERIES 27</b> | 19-Mar-09            | 91           | 18-Jun-09            | 63,000,000.00      | 0.340                         |
|             | <b>SERIES 28</b> | 9-Apr-09             | 91           | 09-Jul-09            | 25,000,000.00      | 0.300                         |
|             | <b>SERIES 29</b> | 23-Apr-09            | 91           | 23-Jul-09            | 30,000,000.00      | 0.300                         |
|             | <b>SERIES 30</b> | 7-May-09             | 91           | 06-Aug-09            | 21,000,000.00      | 0.300                         |
|             | <b>SERIES 31</b> | 21-May-09            | 91           | 20-Aug-09            | 35,000,000.00      | 0.300                         |
|             | <b>SERIES 32</b> | 11-Jun-09            | 91           | 10-Sep-09            | 20,000,000.00      | 0.300                         |
|             | <b>SERIES 33</b> | 9-Jul-09             | 91           | 08-Oct-09            | 45,000,000.00      | 0.300                         |
|             | <b>SERIES 34</b> | 30-Jul-09            | 364          | 29-Jul-10            | 50,000,000.00      | 0.450                         |
|             | <b>SERIES 35</b> | 13-Aug-09            | 91           | 12-Nov-09            | 25,000,000.00      | 0.330                         |
|             | <b>SERIES 36</b> | 27-Aug-09            | 91           | 26-Nov-09            | 32,000,000.00      | 0.300                         |
|             | <b>SERIES 37</b> | 17-Sep-09            | 91           | 17-Dec-09            | 38,000,000.00      | 0.350                         |
|             | <b>SERIES 38</b> | 8-Oct-09             | 91           | 07-Jan-10            | 33,000,000.00      | 0.360                         |
|             | <b>SERIES 39</b> | 22-Oct-09            | 91           | 21-Jan-10            | 30,000,000.00      | 0.380                         |
|             | <b>SERIES 40</b> | 19-Nov-09            | 91           | 18-Feb-10            | 25,000,000.00      | 0.390                         |
|             | <b>SERIES 41</b> | 3-Dec-09             | 91           | 04-Mar-10            | 43,000,000.00      | 0.390                         |

**Annex 3: Brunei Government Sukuk Al-Ijarah Issuance**

| <b>YEAR</b> | <b>SERIES</b>    | <b>ISSUANCE DATE</b> | <b>TENOR</b> | <b>MATURITY DATE</b> | <b>TOTAL (BND)</b> | <b>RENTAL YIELD (Percent)</b> |
|-------------|------------------|----------------------|--------------|----------------------|--------------------|-------------------------------|
| <b>2010</b> | <b>SERIES 42</b> | 25-Mar-10            | 91           | 24-Jun-10            | 70,000,000.00      | 0.380                         |
|             | <b>SERIES 43</b> | 1-Apr-10             | 91           | 01-Jul-10            | 30,000,000.00      | 0.350                         |
|             | <b>SERIES 44</b> | 29-Apr-10            | 91           | 29-Jul-10            | 25,000,000.00      | 0.300                         |
|             | <b>SERIES 45</b> | 20-May-10            | 91           | 19-Aug-10            | 33,000,000.00      | 0.300                         |
|             | <b>SERIES 46</b> | 17-Jun-10            | 91           | 16-Sep-10            | 70,000,000.00      | 0.320                         |
|             | <b>SERIES 47</b> | 1-Jul-10             | 91           | 30-Sep-10            | 65,000,000.00      | 0.300                         |
|             | <b>SERIES 48</b> | 22-Jul-10            | 91           | 21-Oct-10            | 35,000,000.00      | 0.300                         |
|             | <b>SERIES 49</b> | 5-Aug-10             | 364          | 04-Aug-11            | 65,000,000.00      | 0.340                         |
|             | <b>SERIES 50</b> | 19-Aug-10            | 91           | 18-Nov-10            | 40,000,000.00      | 0.280                         |
|             | <b>SERIES 51</b> | 2-Sep-10             | 91           | 02-Dec-10            | 25,000,000.00      | 0.280                         |
|             | <b>SERIES 52</b> | 30-Sep-10            | 91           | 30-Dec-10            | 48,000,000.00      | 0.280                         |
|             | <b>SERIES 53</b> | 14-Oct-10            | 91           | 13-Jan-11            | 25,000,000.00      | 0.280                         |
|             | <b>SERIES 54</b> | 28-Oct-10            | 91           | 27-Jan-11            | 48,000,000.00      | 0.280                         |
|             | <b>SERIES 55</b> | 25-Nov-10            | 91           | 24-Feb-11            | 35,000,000.00      | 0.280                         |
|             | <b>SERIES 56</b> | 9-Dec-10             | 91           | 10-Mar-11            | 35,000,000.00      | 0.270                         |
| <b>2011</b> | <b>SERIES 57</b> | 21-Apr-11            | 91           | 21-Jul-11            | 72,000,000.00      | 0.280                         |
|             | <b>SERIES 58</b> | 12-May-11            | 91           | 11-Aug-11            | 85,000,000.00      | 0.250                         |
|             | <b>SERIES 59</b> | 9-Jun-11             | 91           | 08-Sep-11            | 31,000,000.00      | 0.200                         |
|             | <b>SERIES 60</b> | 23-Jun-11            | 91           | 22-Sep-11            | 51,000,000.00      | 0.190                         |
|             | <b>SERIES 61</b> | 7-Jul-11             | 91           | 06-Oct-11            | 71,000,000.00      | 0.200                         |
|             | <b>SERIES 62</b> | 11-Aug-11            | 364          | 09-Aug-12            | 96,000,000.00      | 0.350                         |
|             | <b>SERIES 63</b> | 25-Aug-11            | 91           | 24-Nov-11            | 85,000,000.00      | 0.100                         |
|             | <b>SERIES 64</b> | 22-Sep-11            | 91           | 22-Dec-11            | 100,000,000.00     | 0.150                         |
|             | <b>SERIES 65</b> | 13-Oct-11            | 91           | 12-Jan-12            | 100,000,000.00     | 0.100                         |
|             | <b>SERIES 66</b> | 3-Nov-11             | 91           | 02-Feb-12            | 100,000,000.00     | 0.175                         |
|             | <b>SERIES 67</b> | 17-Nov-11            | 91           | 16-Feb-12            | 100,000,000.00     | 0.180                         |
|             | <b>SERIES 68</b> | 8-Dec-11             | 91           | 08-Mar-12            | 100,000,000.00     | 0.170                         |
| <b>2012</b> | <b>SERIES 69</b> | 8-Mar-12             | 91           | 07-Jun-12            | 100,000,000.00     | 0.200                         |
|             | <b>SERIES 70</b> | 22-Mar-12            | 91           | 21-Jun-12            | 100,000,000.00     | 0.200                         |
|             | <b>SERIES 71</b> | 12-Apr-12            | 91           | 12-Jul-12            | 100,000,000.00     | 0.200                         |
|             | <b>SERIES 72</b> | 26-Apr-12            | 91           | 26-Jul-12            | 100,000,000.00     | 0.180                         |
|             | <b>SERIES 73</b> | 17-May-12            | 91           | 16-Aug-12            | 100,000,000.00     | 0.180                         |
|             | <b>SERIES 74</b> | 7-Jun-12             | 91           | 06-Sep-12            | 100,000,000.00     | 0.180                         |
|             | <b>SERIES 75</b> | 28-Jun-12            | 91           | 27-Sep-12            | 100,000,000.00     | 0.200                         |
|             | <b>SERIES 76</b> | 12-Jul-12            | 91           | 11-Oct-12            | 100,000,000.00     | 0.180                         |
|             | <b>SERIES 77</b> | 2-Aug-12             | 91           | 01-Nov-12            | 100,000,000.00     | 0.180                         |
|             | <b>SERIES 78</b> | 16-Aug-12            | 364          | 15-Aug-13            | 100,000,000.00     | 0.280                         |
|             | <b>SERIES 79</b> | 20-Sep-12            | 91           | 20-Dec-12            | 100,000,000.00     | 0.180                         |
|             | <b>SERIES 80</b> | 11-Oct-12            | 91           | 10-Jan-13            | 100,000,000.00     | 0.160                         |
|             | <b>SERIES 81</b> | 1-Nov-12             | 91           | 31-Jan-13            | 100,000,000.00     | 0.160                         |
|             | <b>SERIES 82</b> | 22-Nov-12            | 91           | 21-Feb-13            | 100,000,000.00     | 0.160                         |
|             | <b>SERIES 83</b> | 6-Dec-12             | 91           | 07-Mar-13            | 100,000,000.00     | 0.160                         |



**Annex 3: Brunei Government Sukuk Al-Ijarah Issuance**

| YEAR              | SERIES            | ISSUANCE DATE | TENOR     | MATURITY DATE  | TOTAL (BND)             | RENTAL YIELD (Percent) |
|-------------------|-------------------|---------------|-----------|----------------|-------------------------|------------------------|
| 2013              | <b>SERIES 84</b>  | 21-Feb-13     | 91        | 23-May-13      | 100,000,000.00          | 0.180                  |
|                   | <b>SERIES 85</b>  | 14-Mar-13     | 91        | 13-Jun-13      | 100,000,000.00          | 0.160                  |
|                   | <b>SERIES 86</b>  | 28-Mar-13     | 91        | 27-Jun-13      | 100,000,000.00          | 0.160                  |
|                   | <b>SERIES 87</b>  | 18-Apr-13     | 91        | 18-Jul-13      | 96,000,000.00           | 0.150                  |
|                   | <b>SERIES 88</b>  | 2-May-13      | 91        | 01-Aug-13      | 83,000,000.00           | 0.210                  |
|                   | <b>SERIES 89</b>  | 16-May-13     | 91        | 15-Aug-13      | 100,000,000.00          | 0.210                  |
|                   | <b>SERIES 90</b>  | 7-Jun-13      | 91        | 06-Sep-13      | 100,000,000.00          | 0.220                  |
|                   | <b>SERIES 91</b>  | 27-Jun-13     | 91        | 26-Sep-13      | 100,000,000.00          | 0.160                  |
|                   | <b>SERIES 92</b>  | 18-Jul-13     | 364       | 17-Jul-14      | 100,000,000.00          | 0.200                  |
|                   | <b>SERIES 93</b>  | 1-Aug-13      | 91        | 31-Oct-13      | 100,000,000.00          | 0.160                  |
|                   | <b>SERIES 94</b>  | 22-Aug-13     | 91        | 21-Nov-13      | 100,000,000.00          | 0.160                  |
|                   | <b>SERIES 95</b>  | 12-Sep-13     | 91        | 12-Dec-13      | 100,000,000.00          | 0.140                  |
|                   | <b>SERIES 96</b>  | 10-Oct-13     | 273       | 10-Jul-14      | 100,000,000.00          | 0.200                  |
|                   | <b>SERIES 97</b>  | 14-Nov-13     | 91        | 13-Feb-14      | 100,000,000.00          | 0.150                  |
|                   | <b>SERIES 98</b>  | 21-Nov-13     | 273       | 21-Aug-14      | 100,000,000.00          | 0.190                  |
|                   | <b>SERIES 99</b>  | 19-Dec-13     | 182       | 19-Jun-14      | 100,000,000.00          | 0.180                  |
| 2014              | <b>SERIES 100</b> | 9-Jan-14      | 91        | 10-Apr-14      | 100,000,000.00          | 0.150                  |
|                   | <b>SERIES 101</b> | 13-Feb-14     | 182       | 14-Aug-14      | 100,000,000.00          | 0.190                  |
|                   | <b>SERIES 102</b> | 6-Mar-14      | 91        | 05-Jun-14      | 100,000,000.00          | 0.150                  |
|                   | <b>SERIES 103</b> | 20-Mar-14     | 273       | 18-Dec-14      | 100,000,000.00          | 0.200                  |
|                   | <b>SERIES 104</b> | 17-Apr-14     | 91        | 17-Jul-14      | 100,000,000.00          | 0.160                  |
|                   | <b>SERIES 105</b> | 22-May-14     | 182       | 20-Nov-14      | 100,000,000.00          | 0.210                  |
|                   | <b>SERIES 106</b> | 19-Jun-14     | 91        | 18-Sep-14      | 100,000,000.00          | 0.160                  |
|                   | <b>SERIES 107</b> | 24-Jul-14     | 273       | 23-Apr-15      | 100,000,000.00          | 0.230                  |
|                   | <b>SERIES 108</b> | 21-Aug-14     | 364       | 20-Aug-15      | 100,000,000.00          | 0.250                  |
|                   | <b>SERIES 109</b> | 4-Sep-14      | 91        | 04-Dec-14      | 100,000,000.00          | 0.170                  |
|                   | <b>SERIES 110</b> | 18-Sep-14     | 182       | 19-Mar-15      | 100,000,000.00          | 0.220                  |
|                   | <b>SERIES 111</b> | 16-Oct-14     | 91        | 15-Jan-15      | 100,000,000.00          | 0.190                  |
|                   | <b>SERIES 112</b> | 6-Nov-14      | 91        | 05-Feb-15      | 100,000,000.00          | 0.210                  |
|                   | <b>SERIES 113</b> | 20-Nov-14     | 182       | 21-May-15      | 100,000,000.00          | 0.240                  |
| <b>SERIES 114</b> | 18-Dec-14         | 273           | 17-Sep-15 | 100,000,000.00 | 0.510                   |                        |
| 2015              | <b>SERIES 115</b> | 12-Feb-15     | 273       | 12-Nov-15      | 100,000,000.00          | 0.560                  |
|                   | <b>SERIES 116</b> | 26-Mar-15     | 91        | 25-Jun-15      | 100,000,000.00          | 0.410                  |
|                   | <b>SERIES 117</b> | 16-Apr-15     | 364       | 14-Apr-16      | 100,000,000.00          | 0.800                  |
|                   | <b>SERIES 118</b> | 14-May-15     | 182       | 12-Nov-15      | 100,000,000.00          | 0.690                  |
|                   | <b>SERIES 119</b> | 11-Jun-15     | 91        | 10-Sep-15      | 100,000,000.00          | 0.630                  |
|                   | <b>SERIES 120</b> | 30-Jul-15     | 182       | 28-Jan-16      | 100,000,000.00          | 0.780                  |
|                   | <b>SERIES 121</b> | 20-Aug-15     | 273       | 19-May-16      | 100,000,000.00          | 0.830                  |
|                   | <b>SERIES 122</b> | 10-Sep-15     | 91        | 10-Dec-15      | 100,000,000.00          | 0.800                  |
|                   | <b>SERIES 123</b> | 8-Oct-15      | 364       | 6-Oct-16       | 25,000,000.00           | 1.030                  |
|                   | <b>SERIES 124</b> | 19-Nov-15     | 182       | 19-May-16      | 100,000,000.00          | 1.150                  |
|                   | <b>SERIES 125</b> | 10-Dec-15     | 91        | 10-Mar-16      | 100,000,000.00          | 0.950                  |
| <b>TOTAL</b>      |                   |               |           |                | <b>9,255,000,000.00</b> |                        |

Source: Monetary Policy and Management Division, AMBD

| <b>Annex 4: Central Bank Survey</b>                                   |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
| <i>Millions of Brunei Dollars</i>                                     | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
| Net Foreign Assets  | 3,632.27    | 3,875.44    | 3,952.869   | 4,141.268   |
| Claims On Nonresidents  | 4,034.75    | 4,292.43    | 4,606.555   | 4,560.625   |
| Liabilities To Nonresidents   | -402.48     | -416.99     | -653.686    | -419.357    |
| Claims on Other Depository Corporations                               | 423.46      | 193.75      | 180.030     | 142.163     |
| Net Claims On Central Government                                      | -69.52      | -56.96      | -56.269     | -55.674     |
| Claims On Central Government  | 0.80        | 1.09        | 1.279       | 1.324       |
| Liabilities To Central Government                                     | -70.32      | -58.01      | -57.549     | -56.998     |
| Claims On Other Sectors   | 0.00        | 0.00        | 0.000       | 0.000       |
| Claims On Other Financial Corporations                                | 0.00        | 0.00        | 0.000       | 0.000       |
| Claims On State and Local Government                                  | 0.00        | 0.00        | 0.000       | 0.000       |
| Claims On Public Nonfinancial Corporations                            | 0.00        | 0.00        | 0.000       | 0.000       |
| Claims on Private Sector  | 0.00        | 0.00        | 0.000       | 0.000       |
| Monetary Base   | 2,887.01    | 2,970.92    | 3,005.175   | 3,161.799   |
| Currency In Circulation   | 1,627.05    | 1,219.74    | 1,271.706   | 1,321.954   |
| Liabilities To Other Depository Corporations                          | 1,259.96    | 1,751.19    | 1,733.468   | 1,839.845   |
| Liabilities To Other Sectors  | 0.00        | 0.00        | 0.000       | 0.000       |
| Other Liabilities To Other Depository Corporations                    | 1.13        | 1.32        | 1.066       | 3.215       |
| Deposits and Securities Other Than Shares Excluded From Monetary Base | 0.00        | 0.00        | 0.000       | 0.000       |
| Deposits Included In Broad Money                                      | 0.00        | 0.00        | 0.000       | 0.000       |
| Securities Other Than Shares Included In Broad                        | 0.00        | 0.00        | 0.000       | 0.000       |
| Deposits Excluded From Broad Money                                    | 0.00        | 0.00        | 0.000       | 0.000       |
| Securities Other Than Shares Excluded From Broad Money                | 0.00        | 0.00        | 0.000       | 0.000       |
| Loans   | 0.00        | 0.00        | 0.000       | 0.000       |
| Financial Derivatives   | 0.00        | 0.00        | 0.000       | 0.000       |
| Shares and Other Equity   | 1,159.49    | 1,070.28    | 1,102.800   | 1,091.166   |
| Other Items (Net)   | -61.42      | -30.28      | -32.411     | -28.424     |

Source: Monetary Policy and Management Division, AMBD

Note: Central Bank refers to Autoriti Monetari Brunei Darussalam

| <b>Annex 5: Other Depository Corporations Survey</b>   |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
| <i>Millions of Brunei Dollars</i>                      | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
| Net Foreign Assets                                     | 11,227.44   | 10,172.08   | 9,113.790   | 7,070.660   |
| Claims On Nonresidents                                 | 11,428.60   | 10,319.39   | 9,286.295   | 7,340.072   |
| Liabilities To Nonresidents                            | -201.16     | -147.31     | -172.505    | -269.412    |
| Claims on Central Bank                                 | 1,960.87    | 1,991.75    | 1,847.660   | 2,034.860   |
| Currency   | 701.03      | 242.21      | 250.665     | 249.081     |
| Reserve Deposits And Securities Other than Shares      | 1,259.84    | 1,749.54    | 1,596.995   | 1,785.779   |
| Other Claims On Central Bank                           | 0.00        | 0.00        | 0.000       | 0.000       |
| Net Claims On Central Government                       | -3,917.50   | -3,101.46   | -1,811.914  | -629.751    |
| Claims On Central Government                           | 499.68      | 499.62      | 699.040     | 523.677     |
| Liabilities To Central Government                      | -4,417.18   | -3,601.08   | -2,510.954  | -1,153.427  |
| Claims On Other Sectors                                | 6,864.02    | 7,540.66    | 7,783.319   | 8,203.018   |
| Claims On Other Financial Corporations                 | 59.98       | 220.44      | 385.623     | 440.798     |
| Claims On State and Local Government                   | 0.00        | 0.00        | 0.000       | 0.000       |
| Claims On Public Nonfinancial Corporations             | 194.05      | 320.17      | 268.624     | 457.006     |
| Claims On Private Sector                               | 6,609.99    | 7,000.04    | 7,129.071   | 7,302.215   |
| Liabilities To Central Bank                            | 322.89      | 425.81      | 467.942     | 601.096     |
| Transferable Deposits Included In Broad Money          | 3,367.36    | 3,487.06    | 3,375.079   | 3,608.678   |
| Other Deposits Included in Broad Money                 | 9,668.21    | 9,701.73    | 10,226.501  | 9,685.805   |
| Securities Other Than Shares Included in Broad Money   | 0.00        | 0.00        | 0.000       | 0.000       |
| Deposits Excluded From Broad Money                     | 0.00        | 0.00        | 0.000       | 0.000       |
| Securities Other Than Shares Excluded From Broad Money | 0.00        | 0.00        | 0.000       | 0.000       |
| Loans  | 0.00        | 0.00        | 0.000       | 0.000       |
| Financial Derivatives                                  | 0.00        | 0.00        | 0.000       | 0.000       |
| Insurance Technical Reserves                           | 0.00        | 0.00        | 0.000       | 0.000       |
| Shares and Other Equity                                | 2,184.24    | 2,348.96    | 2,420.747   | 2,546.321   |
| Other Items (Net)                                      | 592.13      | 639.48      | 442.585     | 238.888     |

Source: Monetary Policy and Management Division, AMBD

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

| <b>Annex 6: Depository Corporations Survey</b>         |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
| <i>Millions of Brunei Dollars</i>                      | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
| Net Foreign Assets                                     | 14,859.71   | 14,047.52   | 13,066.658  | 11,211.928  |
| Claims On Nonresidents                                 | 15,463.34   | 14,611.82   | 13,892.850  | 11,900.697  |
| Liabilities To Nonresidents                            | -603.63     | -564.30     | -826.191    | -688.769    |
| Domestic Claims  | 2,877.00    | 4,382.24    | 5,915.135   | 7,517.593   |
| Net Claims On Central Government                       | -3,987.02   | -3,158.41   | -1,868.183  | -685.425    |
| Claims On Central Government                           | 500.48      | 500.71      | 700.319     | 525.001     |
| Liabilities To Central Government                      | -4,487.50   | -3,659.13   | -2,568.503  | -1,210.426  |
| Claims On Other Sectors                                | 6,864.02    | 7,540.66    | 7,783.319   | 8,203.018   |
| Claims On Other Financial Corporations                 | 59.98       | 220.44      | 385.623     | 440.798     |
| Claims On State And Local Government                   | 0.00        | 0.00        | 0.000       | 0.000       |
| Claims On Public Nonfinancial Corporations             | 194.05      | 320.17      | 268.624     | 457.006     |
| Claims On Private Sector                               | 6,609.99    | 7,000.04    | 7,129.071   | 7,305.215   |
| Broad Money Liabilities                                | 13,961.59   | 14,166.31   | 14,622.621  | 14,365.356  |
| Currency Outside Depository Corporations               | 926.02      | 977.52      | 1,021.042   | 1,072.873   |
| Transferable Deposits                                  | 3,367.36    | 3,487.06    | 3,375.079   | 3,606.678   |
| Other Deposits   | 9,668.21    | 9,701.73    | 10,226.501  | 9,685.805   |
| Securities Other Than Shares                           | 0.00        | 0.00        | 0.000       | 0.000       |
| Deposits Excluded From Broad Money                     | 0.00        | 0.00        | 0.000       | 0.000       |
| Securities Other Than Shares Excluded From Broad Money | 0.00        | 0.00        | 0.000       | 0.000       |
| Loans  | 0.00        | 0.00        | 0.000       | 0.000       |
| Financial Derivatives                                  | 0.00        | 0.00        | 0.000       | 0.000       |
| Insurance Technical Reserves                           | 0.00        | 0.00        | 0.000       | 0.000       |
| Shares and Other Equity                                | 3,343.73    | 3,419.24    | 3,523.547   | 3,637.487   |
| Other Items (Net)                                      | 431.39      | 844.22      | 835.626     | 726.679     |

Source: Monetary Policy and Management Division, AMBD

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

| <b>Annex 7: Other Financial Corporations Survey</b> |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
| <i>Millions of Brunei Dollars</i>                   | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
| Net Foreign Assets                                  | 762.532     | 9,949.305   | 5,489.288   | 6,194.164   |
| Claims On Nonresidents                              | 1041.376    | 10,178.324  | 5,770.600   | 6,387.099   |
| Liabilities To Nonresidents                         | -278.844    | -229.018    | -281.312    | -192.935    |
| Claims On Other Depository Corporations             | 304.400     | 1,117.655   | 1,186.924   | 1,043.119   |
| Net Claims On Central Government                    | -10.917     | -65.996     | -68.530     | -41.249     |
| Claims On Central Government                        | 12.255      | 17.477      | 5.915       | 5.644       |
| Liabilities To Central Government                   | -23.172     | -83.473     | -74.446     | -46.893     |
| Claims On Other Sectors                             | 54.969      | 62.919      | 67.063      | 58.323      |
| Claims On State and Local Government                | 0.000       | 0.000       | 0.000       | 0.000       |
| Claims On Public Nonfinancial Corporations          | 2.181       | 1.379       | 2.093       | 5.693       |
| Claims on Private Sector                            | 52.788      | 61.540      | 64.970      | 52.630      |
| Deposits  | 0.000       | 0.000       | 0.000       | 0.000       |
| Securities Other Than Shares                        | 0.000       | 0.000       | 0.000       | 0.000       |
| Loans   | 76.067      | 81.183      | 76.637      | 1.991       |
| Financial Derivatives                               | 0.000       | 0.000       | 0.000       | 0.119       |
| Insurance Technical Reserves                        | 598.658     | 3221.083    | 3,689.039   | 4,025.932   |
| Shares and Other Equity                             | 422.187     | 7742.084    | 2,902.418   | 3,197.486   |
| Other Items (Net)                                   | 14.072      | 19.533      | 6.651       | 28.829      |

Source: Monetary Policy and Management Division, AMBD

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

| <b>Annex 8: Financial Corporations Survey</b> |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
| <i>Millions of Brunei Dollars</i>             | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
| Net Foreign Assets                            | 15,622.242  | 23,996.829  | 18,555.947  | 17,406.092  |
| Claims On Nonresidents                        | 16,504.717  | 24,790.146  | 19,663.450  | 18,287.796  |
| Liabilities To Nonresidents                   | -882.475    | -793.317    | -1,107.503  | -881.704    |
| Domestic Claims                               | 2,861.073   | 4,158.726   | 5,528.045   | 7,093.870   |
| Net Claims On Central Government              | -3,997.934  | -3,224.411  | -1,936.714  | -726.674    |
| Claims On Central Government                  | 512.738     | 518.191     | 706.235     | 530.645     |
| Liabilities To Central Government             | -4,510.673  | -3,742.602  | -2,642.948  | -1,257.319  |
| Claims On Other Sectors                       | 6,859.007   | 7,383.136   | 7,464.758   | 7,820.544   |
| Claims On State and Local Government          | 0.000       | 0.000       | 0.000       | 0.000       |
| Claims On Public Nonfinancial Corporations    | 196.231     | 321.553     | 270.717     | 462.699     |
| Claims On Private Sector                      | 6,662.775   | 7,061.583   | 7,194.041   | 7,357.844   |
| Currency Outside Financial Corporations       | 919.578     | 797.432     | 906.700     | 1,025.524   |
| Deposits                                      | 12,858.087  | 12,965.746  | 13,324.108  | 12,908.993  |
| Securities Other Than Shares                  | 0.000       | 0.000       | 0.000       | 0.000       |
| Loans   | 75.560      | 81.183      | 75.582      | 0.047       |
| Financial Derivatives                         | 0.000       | 0.000       | 0.000       | 0.000       |
| Insurance Technical Reserves                  | 598.507     | 3,220.843   | 3,688.714   | 4,025.313   |
| Shares and Other Equity                       | 3,765.917   | 11,161.319  | 6,425.965   | 6,834.973   |
| Other Items (Net)                             | 265.665     | -70.969     | -337.078    | -294.887    |

Source: Monetary Policy and Management Division, AMBD

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

| <b>Annex 9: Monetary Aggregates and Broad Money Components</b> |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
| <i>Millions of Brunei Dollars</i>                              | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
| <b>Monetary Aggregates</b>                                     |             |             |             |             |
| M0   | 1,627.05    | 1,219.74    | 1,217.71    | 1,321.95    |
| Money  | 4,293.38    | 4,464.58    | 4,396.12    | 4,679.55    |
| Quasi Money  | 9,668.21    | 9,701.73    | 10,226.50   | 9,685.81    |
| Broad Money  | 13,961.59   | 14,166.31   | 14,622.62   | 14,365.36   |
| <b>Broad Money Components</b>                                  |             |             |             |             |
| Currency outside banks   | 926.02      | 977.52      | 1,021.04    | 1,072.87    |
| Demand deposits  | 3,367.36    | 3,487.06    | 3,375.08    | 3,606.68    |
| Money  | 4,293.38    | 4,464.58    | 4,396.12    | 4,679.55    |
| Fixed deposits, savings & other deposits                       | 9,668.21    | 9,701.73    | 10,226.50   | 9,685.81    |

Source: Monetary Policy and Management Division, AMBD





