



**BIBD**

# 2013

## ANNUAL REPORT

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# Chairman's Statement



Bismillahirrahmanirrahim  
Assalamualaikum Warahmatullahi Wabarakatuh

Dear Valued Shareholders,

Alhamdulillah, 2013 marked the successful yet humbling conclusion of BIBD's 2011-2013 strategic plan, which focused on positioning the Bank for "Leadership in Service". In order to achieve this, we invested heavily in human capital development and technology to deliver the leading financial services platform in Brunei Darussalam. This was accomplished relentlessly, whilst operating in a highly competitive domestic banking environment, creating pressure on profit margins and challenges to grow and protect BIBD's market share in the business segments we operate in.

Internationally, we continued to see pressure on asset yields as the world economy remained affected by the recent global recession although there are signs of stabilization and early tentative shoots of recovery.

I am pleased to note BIBD's placing in the Top 1,000 World Banks ranking by "The Banker" jumped 22 notches to 676th in 2013 (from 698th in the previous year) by Tier 1 Capital Strength, and ranked 51st, in terms of Soundness (Capital Asset Ratio), an improvement of 23 places (compared to 74th in 2012). This again has put the Bank as the only financial institution to be included in the list from Brunei Darussalam. We continued to receive prestigious awards from across the globe, including "The World's Best Emerging Markets Banks 2013 in Asia-Pacific for Brunei" by the Global Finance, "Best Retail Bank in Brunei" for the year 2012 by The Asian Banker and "Bank of the Year 2013 in Brunei Darussalam" by The Banker.

We recognize our responsibility as the leading bank serving the interests of Brunei Darussalam. As part of BIBD's dedication and support to His Majesty the Sultan and Yang Di-Pertuan of Negara Brunei Darussalam's Vision 2035 and towards the realization of a Zikir nation, we will continue to strive to provide our customers and clients with world-class Shariah compliant financial products and services.

BIBD embarked on a major investment in our infrastructure and the core banking platform towards middle of 2010. This was delivered in five phases, each designed to address a number of key gaps in products, services and risk management tools. Our long term infrastructure investment together, with our people development, has proven to be the key differentiator between us and the Brunei financial market. Today, BIBD is the leader in banking products and services proposition including technology among banks in Brunei Darussalam. Some of our new initiatives are ground breaking regionally, and this was made possible with the 'breaking of the glass ceiling mindset' for what seemed to be impossible years back.

Whilst there is just cause for excitement and optimism, I must emphasize the need for continuing vigilance and prudent risk management in all our business activities.

## Rebranding BIBD

With various improvements in our products and services, Bank Islam Brunei Darussalam was ready for a re-branding. I would like to thank His Royal Highness Prince Haji Al-Muhtadee Billah Ibni His Majesty Sultan Haji Hassanah Bolkiah Mu'izzaddin Waddaulah, the Crown Prince in his capacity as Deputy Sultan, for officiating our rebranding initiative with a new tagline of 'Bruneian at Heart,' and then officiate our first newly refurbished and rebranded branch in Kiulap. Since this blessed occasion, a total of five branches have been launched based on the new branding and design to provide customers with a modern, dynamic, high quality banking environment but yet rooted to the values of being Bruneian.

## Looking Ahead

Following the success of the BIBD 2011-2013 strategy, "Leadership in Service", in ensuring our place as the leader in the Brunei financial market, BIBD Group will be embarking on our next journey through the 2014-2016 Three Year Strategic Plan, "Engaging Our People". It is our committed and motivated staff who will take the market leading platform we have, to move forward and explore new business expansion opportunities while continuing to provide innovative financial solutions for our customers and clients.

Guided by our Islamic values and the BIBD 2014-2016 strategic plan, we are confident that the BIBD Group will succeed and overcome the challenges brought about by today's ever changing global economic environment.

## Vote of Thanks

I would like to thank Yang Berhormat Pehin Orang Kaya Seri Utama Dato Seri Setia Awang Haji Yahya bin Begawan Mudim Dato Paduka Haji Bakar, the outgoing Chairman for his guidance, support and leadership to build BIBD into the premier financial institution in Brunei Darussalam. I would like to welcome Yang Mulia Dr Haji Abdul Manaf bin Haji Metussin as member of the Board of Directors and Yang Mulia Awang Mozart bin Haji Ibrahim as Alternate Member to Yang Mulia Awang Junaidi bin Haji Masri.

We are here only through the strong support of our customers, clients, shareholders and stakeholders. Without which BIBD Group would not be the institution it is today. My heartfelt thanks for their unyielding support towards BIBD over the years.

For all our BIBD Group employees, I thank each and every one of you for your dedication and contribution in making us the No.



1 financial services group in our country. The road ahead will be marked with obstacles and challenges but with our collective hard work, determination and team-spirit, we will continue to ensure the BIBD Group stands firm as an institution we can all be proud of in the years to come, In shaa Allah.

I also offer our gratitude to His Majesty the Sultan and Yang Di-Pertuan of Negara Brunei Darussalam's Government, particularly the Ministry of Finance and our regulators for their continued guidance and confidence in us.

Wabillahi Taufik Walhidayah Wassalamu 'Alaikum Warahmatullah Hi Wabarakatuh

**Dato Paduka Awang Haji Bahrin bin Abdullah**  
*Deputy Minister of Finance cum Chairman of BIBD*



# BIBD

Selamat Datang  
Welcome



# Managing Director's Foreword



Bismillahirrahmanirrahim  
Assalamualaikum Warahmatullahi Wabarakatuh

Dear Valued Shareholders,

Alhamdulillah, I am pleased to report to you another successful year of achievements for Brunei Darussalam's premier financial institution. 2013 was a challenging year where the economy, whilst stable, remained relatively static.

The key highlight of the year was the launch of our rebranding under the tagline "Bruneian at Heart". This is very much to align the Bank to its Bruneian heritage and the nation's aspirations under Vision 2035.

It was indeed a proud moment for all of us to have the new brand launched by our Crown Prince, His Royal Highness Prince Haji Al-Muhtadee Billah Ibni His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah in his capacity as Deputy Sultan.

With the rebranding, we have expanded and introduced the existing BIBD branch network with our new image, and InsyaAllah, will continue to carry out these upgrades over the next two years.

## Operational Review

The year 2013 was the final year for our three year strategic plan 2011-2013 was rooted in some key themes, the primary being to leverage the Bank's national identity and to solidify our leadership position. This was to be achieved through:

- investing in our people and infrastructure capabilities so that we are able to provide a higher level of service to our customers;
- enhancing the customer experience to protect and expand our market share; and
- creating a dynamic sales and service oriented culture.

The BIBD team designed the service DNA of the Bank and worked on a very detailed blueprint of service experience at various customer touch points. This and future enhancements are built on four pillars, namely;

1. Reliable – Service provided by the Bank is consistent and customers can expect us to provide a reliable service for their needs;
2. Innovative – To encourage a culture where the Bank would take initiatives to continuously innovate in the way it serves its customers;
3. Simple – To ensure that we are always focused in making our products and services simple for customers to understand and use; and
4. Ever-caring – To ensure that we put the customer's interest at the heart of our solutions.

The service we were designing could only be provided efficiently if we understood the needs of our customers and invested in the infrastructure needed to service them well. Having successfully implemented the core banking platform, we could focus our energy on implementing a number of initiatives to improve our overall customer experience.

One of the key elements was to substantially enhance our infrastructure for customers to interact with the Bank with ease at any time day or night. The investment in constantly coaching and training our Contact Centre team and providing them with the tools means that the Bank now handles nearly 20,000 calls a month from its Brunei-based contact centre, both in Malay and English. At busy periods, customers can opt for a call-back service where they will receive a call as soon as a Contact Centre Associate becomes available.

We also wanted to ensure that our customers could do their banking at any time, day or night, whether they were in the country or overseas. Services such as transfers and making payments to any account in BIBD, at any bank in Brunei Darussalam or remittances overseas could be made using their mobile phone or internet services securely. We also wanted to ensure that the services provided on these devices were rich in features and broad based.

By the end of the year 2013, over 85% of payment of utility bills (water, electricity, telephone, mobile phone, etc) and other regular payments such as credit card bills, school fees or donations to charities were predominantly made on mobile phones, ATM or the internet. BIBD customers were logging on more than 425,000 times in a month on their mobile or internet banking services to enquire their balances or to do transactions electronically. This reflects a more than 240% growth in mobile and internet banking services during 2013.

Customers are also actively using our mobile banking or internet services to purchase mobile phone top-ups or electricity top-ups. During the year, the Bank also launched e-wallet service under the brand, eTunai. Whilst at its infancy, we do believe that the eTunai service will become a preferred and convenient mode of payment for smaller value purchases. Customer preference has also grown for our instant rewards programme, Hadiyah Plus, through redemptions at merchants via eTunai services or when purchasing mobile phone or electricity top ups using our mobile banking service.

We are also encouraging our customers to register for SMS alerts for purchases on their debit or credit cards to prevent fraud. In our effort to help contribute to the sustainability of the environment, we are also encouraging our customers to opt for eStatements, whereby customers can access their bank statements online. Apart from helping the environment, such a service also helps customers to protect themselves from identity theft.



Our Corporate and Small and Medium Enterprise (SME) customers were also welcoming our internet banking services where we have seen a more than two fold increase in the number of log ons and more than nineteen fold growth in transaction volumes during 2013.

#### Financial Performance

The three core businesses of the Bank performed well during 2013. The overall deposits of the Group increased slightly from BND4.896 billion to BND5.003 billion. Majority of the deposits were in Consumer and Corporate segments of the Bank.

The Group's net financing portfolio increased a healthy 18.2% from BND2.339 billion to BND2.764 billion. The Bank's financing portfolio increased about 18.8% from BND1.904 billion to BND2.262 billion whilst our consumer finance subsidiary, BIBD At-Tamwil's financing portfolio increased by 13.8%.

At the Group level, Total Income increased from BND275.9 million to BND282.0 million, a modest increase of 2.2%. The Bank's Consumer Banking business generated a total income of BND111.9 million, down from BND117.5 million, primarily due to an exceptional income of BND13.3 million recognised in 2012.

Corporate Banking income increased 19.9% from BND31.6 million in 2012 to BND37.9 million in 2013 whilst Institutional Banking primarily from Treasury services increased by 9.2% from BND56.7 million to BND61.9 million.

The Collection and Recovery team were also very active during the year and their efforts lead to a recovery income of over BND11.4 million.

The volatility in the global financial markets meant that the Bank took an impairment of investments of BND5.6 million during the year. Impairment of financing losses overall increased from BND4.5 million in 2012 to BND11.6 million in 2013. This increase was due to increase in the Bank's financing portfolio resulting in an increase of general provisions by BND3.6 million and increase in specific provisioning by BND3.5 million.

The implementation of minimum deposit rates by the regulatory authority and increase in overall deposit of the Bank increased the cost of funds from BND13.9 million in 2012 to BND16.2 million in 2013.

We continued to focus on cost controls in spite of our continued investment in people and infrastructure where the overall costs were maintained at about BND100 million (2012 – BND100 million).

BIBD At-Tamwil's market environment remained favourable which enabled BIBD At-Tamwil to emerge as the most profitable finance company in Brunei Darussalam. Net income after

provisioning and cost of funds increased by about 16.9% from BND32.6 million to BND38.1 million. Operating Costs increased by 10% from BND10.0 million to BND11.0 million. BIBD At-Tamwil's profit before zakat and taxation increased by 20.4% from BND22.5 million to BND27.2 million, whilst net profit after tax increased from BND18.4 million to BND26.4 million. A contributor of this major improvement in profit after tax was reversal of over-provision of zakat by about BND2.4 million during the year.

Of the total Group's net income of BND242.2 million after cost of funds, BND53.4 million was used for payment of salaries and other benefits to BIBD Group team members, BND46.0 million for other overhead expenses, BND2.9 million for payment of the Bank's Zakat and BND27.5 million for payment of taxation in Brunei Darussalam. That leaves a total of BND114.0 million available as net value creation to our shareholders out of which dividend of BND0.04 per share is proposed to be paid during 2014. The remainder will be transferred to statutory reserves to fortify the bank's balance sheet for future growth.

#### Other Achievements

I would like to take this opportunity to congratulate BIBD At-Tamwil on winning the Gold Category in the prestigious International Quality Crown Award. This, added to the Bank's own awards last year, exemplifies the effort personified by the entire BIBD Group and its people in further developing BIBD into an internationally recognised institution.

Our international foray this year was highlighted via our positions as Co-Lead Managers of Al-Hilal Bank's US\$500m Sukuk and as Joint Lead Managers in Swiber Capital's SGD150 million Islamic Trust Certificate. With the latter deal, BIBD was awarded with the Best Local Currency Bond Deal of the Year in Southeast Asia at the 7th Annual Alpha Southeast Asia Deal & Solution Awards 2013.

#### Outlook

I am not able to overstress the importance of maintaining our status as Brunei's leading bank. Certain recent events have allowed us to take in a larger proportion of the activities of the local market, but we have to be prepared of the challenging times ahead, to ensure the future success of the Bank.

Having said this, the future is bright, and InsyaAllah, we will strengthen our position as we look to continue to be a financial institution that Brunei can be proud of, as we set ourselves to not only solidify our local presence, but also to further establish our global network.

We recognise that our key strength is in our human capital, and this is where we will continue to invest in. This is to ensure the holistic delivery of our "Bruneian at Heart" approach which defines the very nature of how banking has evolved. We have

been developing our talent with the objective that a highly trained team provides a high quality service to our customers. In this effort, the first group of 23 financial planners have gone through their training and are about to be certified. The next contingent is ready to go through their rigorous training and would be ready to serve our customers more effectively in 2014.

We will also continue to invest in our channels, to safeguard the trust and dedication that our depositors have entrusted in us, on top of providing the utmost in convenience, in delivering their daily banking requirements.

#### Appreciation

I would like to express my sincerest appreciation to our regulators Autoriti Monetari Brunei Darussalam, the Syariah Financial Supervisory Board, BIBD Shariah Advisory Body and the contribution of the BIBD Board of Directors who have provided us with leadership, vision and commitment for excellence.

I would like to also thank our outgoing Chairman, Yang Berhormat Pehin Orang Kaya Seri Utama Dato Seri Setia Awang Haji Yahya bin Begawan Mudim Dato Paduka Haji Bakar, Yang Mulia Dato Seri Setia Awang Haji Metussin bin Haji Baki, Deputy

Chairman of BIBD's Shariah Advisory Body along with members Yang Mulia Dr Dayang Hajah Masnon binti Haji Ibrahim, and Yang Mulia Awang Haji Muhammad Shukri bin Haji Ahmad, for all their support and guidance, always putting BIBD's interest at heart, and at the same time, ensuring BIBD's engagement in the community.

I would also personally like to thank everyone at BIBD Group of companies for their tremendous hard work and loyalty, and may Allah SWT bless you all for your endeavouring dedication towards the growth of BIBD.

Last but not least, I would like to affirm my deepest gratitude to our customers, clients and shareholders for their continued trust, patronage and support towards our aims, beliefs and goals.

Wabillahi Taufik Walhidayah Wassalamu 'Alaikum Warahmatullah Hi Wabarakatuh

**Javed Ahmad**  
*Managing Director*





# Board of Directors

**Yang Mulia Dato Paduka Awang Haji Bahrin bin Abdullah**

Deputy Minister of Finance  
Chairman

Yang Mulia Dato Bahrin is currently the Deputy Minister at the Ministry of Finance. He has held eminent positions within the Ministry of Finance and the BIA. He also serves as Chairman for RB, the national flag carrier of Brunei Darussalam, the Chairman of DST Group, and a member of the Board of Directors of BSP, Brunei LNG Sdn Bhd (BLNG) and a number of BIA affiliated companies. Yang Mulia Dato Bahrin holds an MBA from University of Strathclyde, Scotland Strategic Management majoring in Finance.

**Yang Mulia Awang Junaidi bin Haji Masri**

Assistant Managing Director,  
Brunei Investment Agency  
Director

Yang Mulia Awang Junaidi is currently the Assistant Managing Director of the BIA. He was previously the Director and Head of Venture Capital and Strategic Investments, managing BIA's investments globally. He also serves on the Fajr Capital Board of Directors as a representative of the Government of Brunei Darussalam. Yang Mulia Awang Junaidi holds a B.Sc Degree in Computer and Management Sciences from Keele University, United Kingdom.

**Yang Mulia Iqbal Ahmad Khan**

CEO Fajr Capital plc  
Director

Iqbal Ahmad Khan is the Chief Executive Officer of Fajr Capital. He is also a member of the Board of Directors of BIBD, Jadwa Investment and MENA Infrastructure. Previously, he was founding CEO of HSBC Amanah, the global Islamic financial services division of the HSBC Group. He is a long-time advocate of the Islamic financial services industry, serving as an advisor to government initiatives in the UK, UAE, and Malaysia. He holds a Master's degree in Political Science and International Relations and a B.Sc. (Hons) in Physics and Chemistry, both from Aligarh Muslim University. He is the 2012 recipient of The Royal Award of Islamic Finance by HM the King of Malaysia, and was recognised for his "Outstanding Contribution to Islamic Finance" by Euromoney in 2006.

**Yang Mulia Dr Jan Hendrik van Greuning**

Director & Chairman of BIBD Audit  
Finance Risk Committee

Dr Hendrik serves as an independent non-Executive Director on the BIBD Board of Directors. He was previously a Senior Advisor in the World Bank Treasury, focusing on Operational Risk Management in the Treasury environment, as well as Islamic Banking issues. He is a member of the Board of FirstRand Limited (a listed bank holding company). Dr van Greuning taught a Master's class in Finance at George Washington University for several years and has co-authored six editions of the World Bank's publication on International Financial Reporting Standards: A Practical Guide. He has also co-authored books on conventional as well as Islamic banking risk. His publications have been translated into more than 15 languages. He is a Chartered Financial Analyst (CFA) charter-holder and

qualified as a Chartered Accountant in both South Africa and Canada. He holds Doctorate Degrees in both Accounting Science and Monetary Economics.

**Yang Mulia Abdulaziz Mohammed Alsubeaei**

Board Director, Mohammed Alsubeaei &  
Sons Investment Company (MASIC)  
Director

Abdulaziz Alsubeaei is the Board Director of MASIC as well as the Member of the Executive Committee. By the early 2000's, the company had grown to be amongst the top 50 companies in Saudi Arabia. The range of investments includes: financial services, real estate, agricultural (aquaculture), Oil & Gas, industrial and retail. He is a founding committee member of Bank Albilad and a member of the Board of Directors for Jadwa Investment. He is also a Member of the Board of Directors for Farabi Petrochemical Co. Ltd. In Fajr Capital, he is a Board of Director Member, member of the Investment Committee and member of Strategic Committee. Abdulaziz is also a Member of the Social Responsibility Board of Companies in Riyadh. He is a member of the Committee of Endowment and Investment, and a member of the Endowment Committee in the Chamber of Commerce.

**Yang Mulia Javed Ahmad**

Managing Director of BIBD  
Director

Mr Javed Ahmad has been with BIBD since 2008. He is a founding member of Fajr Capital and his banking career spans over 24 years working in London, Bahrain, Kuala Lumpur and Riyadh. He was a Managing Director at HSBC Amanah, London and also led the HSBC Amanah franchise in Saudi Arabia. He has a long track record of success in global wealth management business, transportation finance and corporate finance transactions in Islamic Finance. He was previously the General Manager of RHB Sakura Merchant Bankers

Berhad and also at the DMI Group. Javed holds an MBA from the University of Bradford, United Kingdom and is an Associate Member of the Chartered Institute of Management Accountants (CIMA), United Kingdom. He is also Chairman of Brunei International Airport Cargo Centre, a member of the Board of Directors for RB, BIBD Securities, Takaful Brunei Berhad and BIBD At-Tamwil.

**Yang Mulia Dr Haji Abdul Manaf bin Haji Metussin**

Deputy Permanent Secretary at the Prime Minister's Office, and  
Chief Executive Officer of The Brunei Economic Development  
Board (BEDB) Director

Prior to joining the BEDB, Yang Mulia Dr Haji Manaf spent 7 years in the Department of Economic Planning and Development (JPKE) at the Prime Minister's Office, holding posts such as the Assistant Director of Planning, and eventually becoming Director of Policy and Coordination. Earlier in his career, he was Deputy Dean of the Faculty of Business, Economic and Policy Studies at Universiti Brunei Darussalam. Internationally, Yang Mulia Dr Manaf has been involved as a member of the NETWORK of EAST ASIA THINK TANKS (NEAT), as well as the EAST ASIA VISION Group. He is currently a board member of Sungai Liang Authority, Centre for Strategic and Policy Studies (CSPS) and an honorary member of Yayasan Sultan Haji Hassanal Bolkiah School's board of governors. Dr Manaf is a Mechanical Engineering graduate from the University of Leeds, UK, an MSc Manufacturing Systems Engineering graduate from the University of Bradford, UK and has a PhD in Management from the University of Kent, UK.

**Yang Mulia Awang Mozart bin Haji Ibrahim**

Head of Section (Investments), Investment Division, Ministry of  
Finance

Alternate Director to Awang Junaidi bin Haji Masri  
He was previously a Senior Manager of BIA's Venture Capital and Strategic Investment and has managed BIA's global investments. Yang Mulia Awang Mozart holds a B.Eng Degree in Civil and Environmental Engineering from the University of Leeds, United Kingdom.





## Shariah Advisory Body

**Yang Dimuliakan Pehin Orang Kaya Paduka Setia Raja  
Dato Paduka Seri Setia Awang Haji Suhaili bin Haji Mohiddin**  
Deputy State Mufti of Brunei Darussalam and  
Shariah Appeal Judge  
Chairman

Yang Dimuliakan Pehin Dato Hj Suhaili is the Deputy State Mufti of Brunei Darussalam and an appointed Judge of the Shariah Appeal Court. Yang Dimuliakan Pehin is also a member to the Islamic Religious Council, Syariah Financial Supervisory Board at the Ministry of Finance Brunei Darussalam, and a Deputy Chairman of the Shariah Advisory Body of Syarikat Takaful Brunei Darussalam. He is also a member of the Majma 'Al-Fiqh International (International Islamic Fiqh Academy), OIC Jeddah. Yang Dimuliakan Pehin holds a Bachelor's Degree in Tafsir and Hadith from Al-Azhar University, Egypt and a Diploma in

Commonwealth and Overseas Education Administration from University of Birmingham, United Kingdom.

**Yang Mulia Dato Seri Setia Awang Haji Abdul Aziz bin Orang  
Kaya Maharaja Lela Haji Yusoff**

Permanent Secretary, Ministry of Religious Affairs  
Deputy Chairman

Yang Mulia Dato is a Permanent Secretary at the Ministry of Religious Affairs. He also holds board of director positions for Syarikat Takaful Brunei Darussalam, and Wafirah & Ghanim Sdn. Bhd. Yang Mulia Dato holds Bachelor's Degrees in Law from the National University of Malaysia (UKM) and in Usuluddin from the Al-Azhar University, Egypt.

**Yang Mulia Dr. Awang Haji Mazanan bin Haji Yusof**

Head of Research at State Mufti Department  
Member

Yang Mulia Awang Hj Mazanan is the Head of Research at the State Mufti Department of Brunei Darussalam. He also serves

as a member of the Shariah Advisory Body of Syarikat Takaful Brunei Darussalam. He holds a PhD in Islamic Studies and a Master's Degree in Islamic Studies from the National University of Malaysia and a Bachelor's Degree in Usuluddin from Al-Azhar University, Egypt.

**Yang Mulia Dr. Abdul Nasir bin Haji Abdul Rani**

Director of the Centre for Post Graduate Studies and Research  
Universiti Sultan Shariff Ali (UNISSA)  
Member

Yang Mulia Dr Abdul Nasir is a Senior Lecturer at the Faculty of Business and Management Sciences, and Director of Centre for Postgraduate Studies & Researches for UNISSA, Brunei Darussalam. He holds a PhD in Economic and Muamalat Administration from the Islamic Science University of Malaysia (USIM), a Masters in Economy and Islamic Banking from Yarmouk University, Jordan, and a Bachelor's Degree in Islamic Studies from Universiti Brunei Darussalam.

**Yang Mulia Awang Haji Hardifadhillah bin Haji Mohd Salleh**  
Head Religious Enforcement Officer, Ministry of Religious Affairs  
Co-Secretary

Yang Mulia Awang Haji Hardifadhillah is the Head Religious Enforcement Officer at the Ministry of Religious Affairs. He holds a Master's in Law from Monash University, Australia, a Bachelor's Degree in Syariah from Al-Azhar University, Egypt, and a Diploma in Islamic Law and Syariah Law from Universiti Brunei Darussalam.

**Yang Mulia Dayang Hajah Hanifah binti Haji Jenan**

Head of Shariah, BIBD  
Co-Secretary

Yang Mulia Dayang Hajah Hanifah currently heads the Shariah Department in BIBD. She holds a Diploma in Law and Administration of Islamic Judiciary from the International Islamic University of Malaysia and a Bachelor's Degree in Syariah from University of Malaya, Malaysia.



# Management Team



**Mr Javed Ahmad**

Managing Director

He is a founding member of Fajr Capital and his banking career spans over 24 years working in London, Bahrain, Kuala Lumpur, and Riyadh. He was a Managing Director at HSBC Amanah, London and also led the HSBC Amanah franchise in Saudi Arabia. He has a long track record of success in global wealth management business, transportation finance and corporate finance transactions in Islamic Finance. He was previously the General Manager of RHB Sakura Merchant Bankers Berhad and also at the DMI Group. Mr Javed Ahmad holds an MBA from the University of Bradford, United Kingdom and is an Associate member of the Chartered Institute of Management Accountants (CIMA), United Kingdom.

**Hajah Noraini Haji Sulaiman**

Chief Financial Officer cum Deputy Managing Director

Hajah Noraini was previously the Acting Managing Director of Syarikat Takaful Brunei Darussalam, on secondment from BIBD. She was also the Head of Finance for Islamic Bank of Brunei, and has also held accounting and financial roles in other Bruneian companies including Brunei Shell Petroleum Sdn Bhd. She is also a director to BIBD At-Tamwil Berhad, BIBD Securities, IDBB Management Services, Tabung Amanah Pekerja (TAP) and Chairman for TAP Audit Committee. She is a Fellow member of the Association of Certified Accountants and also a member of Brunei Darussalam Accounting Standard Council.



**Haji Minorhadi Haji Mirhassan**

Head of Institutional Banking & Managing Director of BIBD Securities

Haji Minorhadi has more than 23 years commercial banking experience, spending over 15 years with HSBC Brunei, covering leadership roles in Retail Banking, Corporate Banking and Institutional Banking businesses. He has had active roles as the Deputy CEO of Islamic Development Bank of Brunei (IDBB) and Honorary Secretary & Treasurer for the Brunei Association of Banks (BAB). Haji Minorhadi has an MBA from the Singapore Management University.



**Dr Gyorgy Ladics**

Chief Operating Officer

Dr Ladics has 20 years of banking experience. Previously he was Chief Information Officer at Barclays - Emerging Markets region. He has enabled Barclays geographical expansion and entries into new markets like India, Pakistan, Russia; relaunched businesses in UAE, Egypt and Uganda by providing essential business capabilities. He was a key member for M&A and integration activities for Barclays and completed the integration of Uganda Nile Bank and Russia Expobank into Barclays. Prior joining Barclays, he was Vice President at Citigroup - Central Europe Region where he held various senior positions, such as Head of Operation and Technology – Czech Republic, Head of Technology for Central European Region, Senior Operating Officer – Hungary. In Central Europe, he has led the standardization and migration effort into strategic end state technology platforms and operating models. In Hungary, he led the technology effort at the integration of ING retail bank into Citibank. He holds a Master's Degree in Electrical Engineering and Informatics and a Doctorate Degree from Budapest University of Technology and Economics.



**Hein Jan Smit**

Chief Risk Officer

Mr Hein Jan Smit has over 17 years banking experience. He started his career with ABN AMRO Bank in Netherlands in 1997 as a management trainee and in 2004 he was transferred to Singapore to act as their Head of Audit Asia for their entire Commercial Banking and Risk operations. In 2007 he was appointed as Head of Risk Review Asia for ABN AMRO Bank with regional responsibility for managing Credit Risk Reviews for BU Asia (16 countries). In 2010, Royal Bank of Scotland appointed him as Chief Risk Officer, China based in Shanghai. In this role, Mr Hein Jan Smit held responsibility for Credit, Operational, Market & Liquidity Risk, and Regulatory Risk & Compliance for the RBS franchise in China (800+ FTE), providing leadership to a team of 25+ Risk staff. As of October 2012, Mr Hein Jan Smit has continued his career as Chief Risk Officer for BIBD, providing leadership to the Risk management team and further enhancing BIBD in their Risk management framework for all risk disciplines (Credit, Operational, Market, & Liquidity Risk). Mr Hein Jan Smit holds a Master of Science in Business Administration, Finance & Economics from Rijks University Groningen and a Degree as Executive Master of Internal Auditing from University of Amsterdam.



**Koh Swam Sing**

Head of Corporate Banking

Mr Koh has extensive experiences in Corporate Banking as well as in operations and credit risk. He started his career with The Island Development Bank Bhd in 1983. He has held various positions in branch operations, administration and credit management. As one of the pioneer members of the Bank, Mr Koh participated in the Bank's transformation into Islamic financial banking and services, and has been instrumental in introducing some of the Bank's core products and services. Currently, Mr Koh is the Head of Corporate Banking Division which is responsible for building the Corporate Banking portfolio, and supporting local business hence contributing to Brunei's own infrastructure growth.





# Management Team



**Imran Samee**

Head of Consumer Banking

Mr Samee brings a wealth of experience in Consumer Banking to BIBD, having worked in the industry for over 20 years and has held senior roles in Consumer and Retail Banking with banks across the Middle East and Asia Pacific. Prior to joining BIBD, he helped to establish Al Khalij Commercial Bank in Qatar, serving as Head — Retail Banking Group and then as CEO of its subsidiary BetaQat - a processing services provider for GCC financial institutions. He was also Head of the Retail Banking Group for Dubai Bank, and managed its conversion to Shariah compliant operations. He was the Country General Manager for Mashreqbank Qatar, and led its transformation into a full-fledged Consumer Banking operation. He began his career with Citigroup, serving at Citibank Pakistan and then at the Saudi American Bank. Mr Samee holds a BSc (Hons) in Economics from the London School of Economics and Political Science.

**Dayangku Fatimah Pengiran Haji Jadid**

Head of Human Resources

Dayangku Fatimah has been in the banking industry since 1991. She started her career as a Senior Executive with the Brunei Government, where she served for 11 years. She became a member of the Interview Board of the Public Service Commission, responsible for manpower recruitment (both locally and overseas) for the Brunei Government Civil Service. Before joining BIBD, she was the Head of Human Resources and Employee Development at HSBC Brunei. Dayangku Fatimah holds an MSc in Information Processing from the University of York, UK and a B.Sc in Computer Science from the University of Brighton, UK. She is a licensed practitioner in the use of the Saville & Holdsworth Assessment tools.



**Hajah Normah Haji Ismail**

Deputy Chief Operating Officer

Hajah Normah carries with her over 34 years in banking experience, in consumer risk and operational risk management, spending most of the time within the customer front and support functions. She has numerous successes in completing and implementing assigned business improvement processes, service delivery standards, while also actively delivering in CSR activities and sports events. Hajah Normah is also a green belt holder of Six Sigma.



**Hajah Nurul Akmar Haji Md Jaafar**

Deputy Head of Consumer Banking

Hajah Nurul has been with BIBD for more than 18 years in areas of Finance and Investment Banking. Her current portfolio is managing the Sales & Distribution Channels of BIBD's Consumer Banking. She has experiences in the evolvement of BIBD through various projects such as IT systems transformation, business process improvements, products innovations, and also to enhance the customer experience through branch redesign and the Bank's corporate re-branding project. She was assigned to pioneer the set-up of BIBD's CSR programs that underscores the corporate values and branding of being 'Bruneian at Heart', with flagship initiatives including BIBD Sirah Amal, and the BIBD ALAF. Hajah Nurul holds a BA Accounting & Finance from United Kingdom and was an IBB Scholar prior to joining the Bank in 1995.



**Hajah Hanifah Haji Jenan**

Shariah Manager

Hajah Hanifah has almost 10 years of banking experience covering legal advisory and recovery and branch matters within Consumer Banking. She also has ample experience in the back office in the Documentation Control Unit and Shariah Department, as well as in the Takaful line of work, while being seconded to Takaful BIBD. Prior joining the banking sector, she spent three years practicing Shariah law, handling Muslim matrimonial and criminal matters in Shariah courts in Kuala Lumpur and Brunei. Hajah Hanifah holds a BA (Hons) in Shariah from University Malaya and a Diploma in Law and Administration in Islamic Judiciary from IIUM, and a certified Islamic Financial Planner from Al-Hijrah Consultancy. She is currently on a Fiqh Muamalat Professional Programme at CIBFM Brunei.

**Irwan Lamit**

Managing Director of BIBD At-Tamwil Berhad

Irwan Lamit is the Managing Director and a member of the Board of Directors of BIBD At-Tamwil Berhad since 2006. He is a qualified Chartered Accountant and is a Fellow member of the Association of Chartered Certified Accountants (ACCA), and hold a B.Sc (Hons) in Applied Accounting. Prior to joining BIBD At-Tamwil Berhad, he worked as an accountant with Brunei Shell Marketing Company Sdn Bhd.





# Corporate Profile

## History

BIBD is Brunei's largest bank and flagship Islamic financial institution. It was formed by the 2005 merger of two earlier local Islamic financial institutions, Islamic Bank of Brunei and Islamic Development Bank of Brunei. The Islamic Bank of Brunei was first established in February 1981 as the Island Development Bank and was converted to the first full-fledged Islamic bank in Brunei Darussalam in January 1993. Meanwhile, the Development Bank of Brunei (DBB) started its operations on 31st March 1995, later adopting Islamic banking guidelines on 1st July 2000 and renaming itself the Islamic Development Bank of Brunei (IDBB).

In 2013, BIBD embraced its new identity with upgrades in its overall service paradigm delivery and branch design, which depicts the Islamic visual canvas of Brunei Darussalam. This new identity distinctly sets BIBD apart from other financial institutions in Brunei Darussalam, while establishing a service benchmark that truly is "Bruneian at Heart". The amalgamation of all these efforts

places BIBD in a stronger position to deliver its expectations and move forward in the local and international arena.

## Shareholders

- Ministry of Finance, Brunei
- Sultan Haji Hassanal Bolkiah Foundation
- Fajr Capital Limited
- Some 6,000 individual Bruneian investors

## Market Reach

BIBD is headquartered in Bandar Seri Begawan, with fifteen branches at strategic locations in Brunei's four districts, and has the largest network of ATMs in the country. BIBD continues to lead the Brunei market in assets, financings and deposits.

As part of the Bank's continuous dedication to providing the best banking experience, BIBD have Brunei's only full-fledged Contact

Centre that operates 24-7 in addition to innovations through BIBD Mobile and BIBD Online applications.

The Bank has also extended the operating hours of several branches to accommodate the different needs of its clientele. All of these are to enable customers to access BIBD's services anytime and anywhere.

## Financial Highlights

BIBD is Brunei Darussalam's premier financial institution. At year-end 2013, the total Group assets stood in excess of B\$ 6 billion, with a net profit after Zakat and taxation of B\$ 114 million. With a Group tier 1 capital of above B\$ 1,110 million and a Total Capital Adequacy Ratio of 24.3%, BIBD has significant capacity to expand its business. BIBD maintains conservative provisioning and write-off policies, and provides a consistent dividend stream to shareholders.

## Services

BIBD provides a wide array of Islamic financial services for all customer segments. Consumer Banking contributes the majority of the Bank's revenue (51%), with Corporate Banking contributing 17% and Institutional Banking contributing 27%.

## Governance

BIBD is committed in undertaking good corporate governance practices and is fully guided by the Autoriti Monetari Brunei Darussalam (AMBD) along with its National Syariah Financial Supervisory Board (NFSB) and also in conformation to the Company's Act Chapter 39. The Bank has sound internal control and risk management in place with internationally set standards, especially in its financial, shariah and risk practices.

## People

The BIBD Group has over 700 staff. The Bank is constantly raising the bar on the expectations of its services, looking at better ways to create a consistent culture of excellence via our hiring methods, training courses, and staff engagement practices.

In line with the rebranding initiative, BIBD has invested in providing relevant trainings for its staff, to ensure consistency in the service delivery which exemplify the new customer banking experience.

The Bank has also invested enormously in training of its staff to be certified in selected fields such as in the area of Institutional Banking, Risk Management, Sharia, and Financial Planning.

This year, the Human Resources Division had implemented a few initiatives as part of their strategic plans, this includes, the development of talent pool and career progression path.

The Star Banker Award started in 2012, where the Bank rewards high performers and provide recognition to the sales, service and also the support personnel of the Bank.

The Bank is also encouraging a work life balance approach where various initiatives are organised including team building activities, to encourage a strong sense of belonging, loyalty and team spirit, through a varied range of activities, either through recreational or sporting events.







### Processes

Provisioning of innovations through online and mobile has allowed significant process improvements for our customers that are moving towards a digitized society, along with better management of queues at branches, as most BIBD transactions can now be performed online.

To further strengthen BIBD's proposition as Brunei's premier financial institution, efforts have been made to improve the service delivery including changing the nature of our branch banking design to make way for a more personalised concierge approach that exponentially expedites process times and adding an ever-caring element through our services. The Bank is also continuously identifying key issues to ultimately maximise service delivery efficiency that shall improve the overall customer banking experience.

### Landmark Transactions

The year saw BIBD take part in a number of internationally arranged facilities such as Al-Hilal's US\$500m Sukuk where BIBD as Co-Lead Managers with other multinational Islamic banks secured a total of US\$ 6.3 billion from 220 investors (more than twelve times the offered amount). The Bank was also Joint-Lead Managers for the successful inaugural issuance of Swiber Capital's SG\$150 million Islamic Trust Certificate.

To date, BIBD is the first Brunei institution to develop and launch mutual funds domiciled in Brunei and the only Bruneian bank to have won international mandates from notable sukuk and mandates transactions.

The Bank's continuous improvement, through the introduction of innovative products and services, was well received by its customers and the public, which was evident from growth in take ups and utilization of services that was introduced, which

has contributed to the Bank's receiving several international recognitions. In 2013, BIBD was presented with prestigious accolades which reflect the success of the Bank's many initiatives and hard work.

### Corporate Social Responsibility (CSR)

BIBD actively supports the welfare of the Bruneian society through the organisation and support of research and development activities, youth empowerment programmes and social causes.

Through its CSR initiatives, BIBD continues to complement the true values and benefits of its products and services to our valued customers. The BIBD CSR is a platform for Bruneian society, where we provide support to the development of our CSR programme, and facilitate the development of commercially innovative businesses for economic sustainability of the community. It is also aimed at building a CSR brand that enhances the quality of life, which demonstrates compassion, sincerity and solidarity, while at the same time, extending the brand to the public, creating community that cares.

BIBD, as a corporate sponsor, has also established a five-year working partnership with Brunei Economic Development Board (BEDB) for the provision of micro-grant schemes to selected entrepreneurs through the Youth Development Resources project. From its inception in 2010 until January 2013, the Programme has successfully supported more than fifty businesses, which today remain active. The project's main objectives were centred on formulating programmes and organizing activities that would help local youths and underprivileged individuals develop their entrepreneurship skills and knowledge, while at the same time promoting the development of micro businesses in Brunei Darussalam.

In addition, BIBD has also rapidly increased its efforts in this domain, with more than 700 active volunteers in 2013 supporting its CSR activities consisting of BIBD employees and members of the public.

In 2013, BIBD ALAF (Advocating Life-Long Learning for an Aspiring Future) Programme, a collaboration between BIBD and the Ministry of Education, was launched on the 11th of May 2013 by Her Royal Highness Paduka Seri Pengiran Anak Isteri Pengiran Anak Sarah.

The Programme, BIBD's flagship CSR initiative, aims to provide assistance to both underprivileged and orphaned students, helping them progress in their education. The Programme's sponsorship provides students with access to educational material and learning advancement and welfare support, also extending to mentoring and coaching of the students. The inaugural year saw BIBD sponsoring 62 recipients from all four districts of the country.

Through the ALAF Programme, BIBD hopes to offer its strong support to His Majesty's 2035 vision of obtaining a 100% level of education for everyone in Brunei. This will hopefully help to

reduce or alleviate the poverty condition, Insha'Allah, leading Brunei towards a more prosperous and peaceful future, and working towards the development of an educated, highly skilful and successful nation.

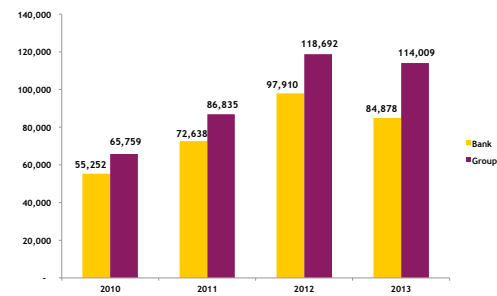
### Active Subsidiaries & Associate

- BIBD At-Tamwil Bhd  
A wholly-owned subsidiary, mainly handling the provision of Islamic hire-purchase facilities;
- BIBD Securities Sdn Bhd  
A wholly-owned subsidiary, providing gold investments and brokerage services for both local and foreign Islamic shares listed on the Kuala Lumpur and Singapore stock markets;
- Syarikat Takaful Brunei Darussalam (Associate)  
It provides general and family takaful services through its subsidiaries: Takaful Brunei Am and Takaful Brunei Keluarga;
- BIBD Al-Kauthar Funds DCC Incorporated  
For the provision of fund management services;
- Belait Barakah Sdn Bhd  
For the provision of vessel leasing facilities;

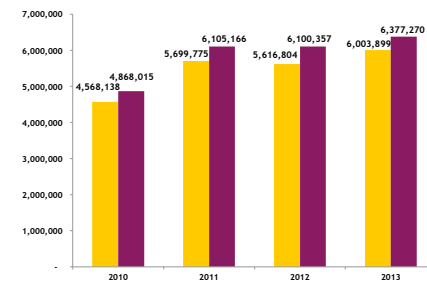


# Statistics

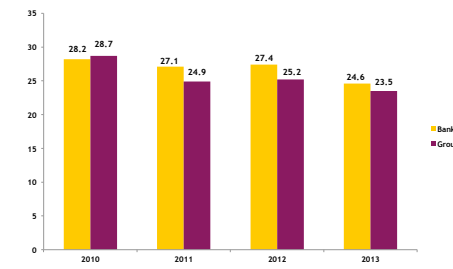
Net Profit after Zakat and Taxation (B\$ '000)



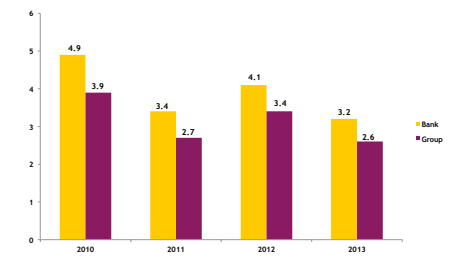
Total Assets (B\$ '000)



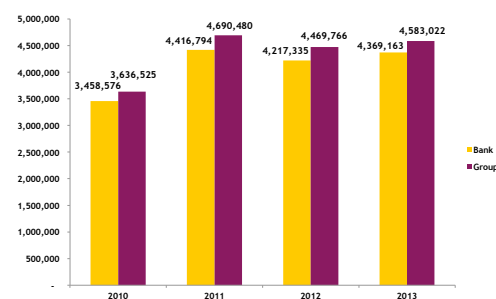
Capital Adequacy Ratio Tier 1 (Core Capital) (%)



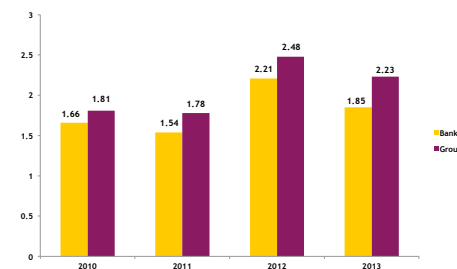
Net Non-Performing Financing Ratio (%)



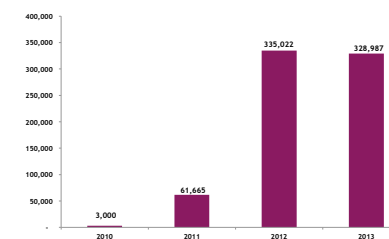
Depositors from Customers (B\$ '000)



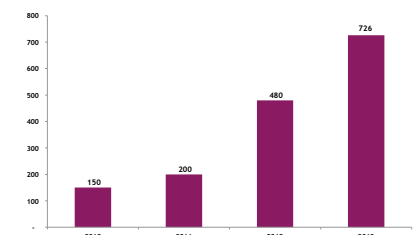
Return on Asset (%) - Before Taxation



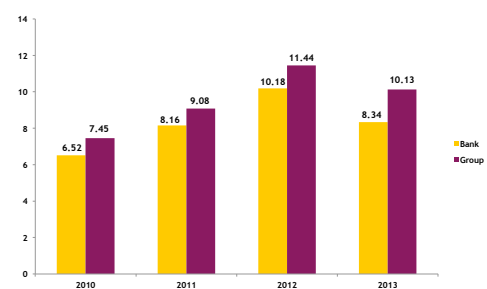
CSR Donations Raised (B\$)



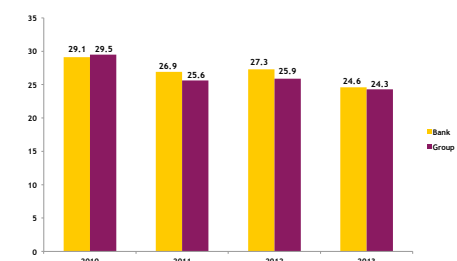
CSR Volunteers



Return on Equity (%)



Total Capital Adequacy Ratio (%)



Average Monthly Contact Centre Calls Received

18,439

Percentage of Active Mobile & Internet Banking Customers of Total Customers

15.34%

Average Monthly Debit Card Transactions

67,630

Formed in 2005, by the merger of Islamic Bank of Brunei and the Islamic Development Bank of Brunei, Bank Islam Brunei Darussalam was established and subsequent to that Bank launched its new brand and image in June 2013 to BIBD.

This is a strategic effort to strengthen and enhance its customers' banking experience to become the main financial institution in Brunei.

This transformation journey reflects BIBD as a truly Bruneian brand to better serve its customers. At the same time, it also incorporates the uniquely Bruneian values that signify the Brunei and Islamic visual canvas that showcases the strategic efforts embarked under this journey.

## BIBD Milestones

- BIBD New Identity
- BIBD Awards
- BIBD Corporate roles
- Supporting the Development of the Community
- BIBD Rewards Customer
- Strengthening Customers Relationships
- Community Outreach
- BIBD Annual Activities



Sources: Pictures courtesy of Consulus



Sources: Pictures courtesy of Consulus



The transformation is vital to BIBD's expansion plans, as it is one of the Bank's aspirations under its three-year strategic plan to spread its wings internationally. Within this plan, some of the phases of progression include system upgrades, customer service experience upgrades and refurbishment. So with all these in place, we are in a good position to prepare our team to go abroad when the opportune moment comes.

In understanding the importance of communicating the refreshed beliefs and values, the Bank conducted visual audits where perceptions towards the brand were identified. Efforts were put in place to ensure that our brand is relatable and received, as a sound financial institution that could understand the needs and aspirations of the Bank's customers and financial partners.



Sources: Pictures courtesy of Consulus

The brand had to evoke an emotional response, aligned with the new corporate tagline, "Bruneian at Heart", and perceived as a world-class institution in Brunei and a role model institution in the world. With these benchmarks in mind, the new logo and tagline was conceived.

Committed to the aspirations and values of all Bruneians, and dedicated to our Islamic values, the new brand was officially launched by Duli Yang Teramat Mulia Paduka Seri Pengiran Muda Mahkota Pengiran Muda Haji Al-Muhtadee Billah ibni Kebawah Duli Yang Maha Mulia Paduka Seri Baginda Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah, the Deputy Sultan. Present at the event were Cabinet Ministers, Deputy Ministers, Permanent Secretaries, other senior officials of His Majesty's Government, along with valued patrons and corporate partners.



Sources: Pictures courtesy of Rano Adidas

The rebranding event was held at the newly refurbished BIBD Kiulap Branch at Kompleks Setia Kenangan building. And the launch of BIBD's refurbished Kiulap Branch is an example of a customer touch-point that carries on the theme of "Bruneian at Heart", and the first branch to carry the new signature branch design.



Sources: Pictures courtesy of Rano Adidas





Reinforcing its proud heritage, the new logo is an amalgamation of four key uniquely Bruneian elements: the golden dome, crescent moon, waterways of Brunei and two hands in supplication; all of which reflect values rooted in our nation and culture.



### The Meaning of Our Logo

- A GOLDEN DOME**  
The golden dome demonstrates that BIBD's vision is framed within Islamic principles.
- B CRESCENT MOON**  
The rising crescent moon is another representation of Islam and denotes Brunei's aspiration to be a leading nation.
- C WATERWAYS OF BRUNEI**  
The calm waterways of Brunei reflect the history of Brunei as a nation of peace and tranquility.
- D TWO HANDS IN SUPPLICATION**  
The two hands in supplication are taken from the national flag. They symbolize the submission to Allah's will and to gain His blessings for the continued growth of BIBD. They also represent the warm and intuitive relationship with BIBD's customers.



Sources: Pictures courtesy of Rano Adidas



Sources: Pictures courtesy of Rano Adidas



# The Rebranding transformation journey

As a bank for the people of Brunei by the people of Brunei, BIBD realized that its serves Bruneians in keeping with the Malay Islamic Monarchy principles, ensuring to deliver an experience that is enduringly “Bruneian at Heart”.

BIBD sought to develop a sustainable business model that would help serve the financial needs of all Bruneians and strengthen its position as Brunei’s largest Islamic financial institution.

The fulfillment of this goal required the full support and efforts of all BIBD management and staff in adapting the new organizational culture, which was aligned with BIBD’s Rebranding efforts. This was achieved through internal brand circles and training workshops in elevating and strengthening the perception of the brand with a refreshed identity.



Sources: Pictures courtesy of Consulus



Sources: Pictures courtesy of Consulus



Sources: Pictures courtesy of Consulus

This then ensured that the Bank’s new purpose and direction was clearly communicated, and provided lasting change amongst the management and staff in embracing a truly “Bruneian at Heart” culture.

The launch of the service DNA ‘RISE’ (Reliable, Innovative, Simple, and Ever-caring) program further supported the Bank’s

rebranding initiative that defines the standards of our new customer service culture. The program involved progressive improvements to several key processes crucial to BIBD’s service, which includes the introduction of Service Ambassadors, streamlined accounts opening initiatives through e-forms, the upgradation of the BIBD Contact Centre and the lifestyle zone within the Customer Service centre at Kiulap Branch.



The Launch of RISE





## BIBD Launches Its First Ever Rimba e-Branch Plus

August 22



BIBD's first E-branch Plus was launched at Giant Hypermarket Tasik Rimba. It inherits the new BIBD branch signature design but is more on focused promoting the alternative banking delivery channels, where conventional tellers and counter transactions are now replaced with ATM, CDM, CQM, for speedy and seamless cash withdrawals and deposits and a more conducive sales and service environment.

The e-Branch Plus that was launched combines technological advancements and upgrade on customer service delivery to

further enhance and streamline BIBD's services to immediately accommodate to the needs and requirements of its customers.

The Rimba e-Branch was officially opened by Yang Mulia Dato Paduka Awang Haji Mohd Rosli bin Haji Sabtu, Managing Director of Autoriti Monetari Brunei Darussalam (AMBD).

Other BIBD branches that followed this concept were Panaga in Seria and The Mall in Gadong.



With more developments in the oil and exploration industry, the opening of the new centre places the Bank in a better position to secure greater business opportunities through its enhanced and streamlined services. BIBD has the ability to accommodate the needs and requirements of its existing and

potential customers, aligning to the call made by the Energy Department at the Prime Minister Office (EDPMO) to promote the Local Business Development (LBD). The Corporate Banking Division will play an important role in the development of local SMEs in the Oil & Gas Industry.

## New Kuala Belait Corporate Banking Centre

September 6



The BIBD's rebranding initiative that resonate the "Bruneian at Heart" banking experience, was also adapted to the Bank's new Kuala Belait Branch located at Plaza V in Jalan Sungai. The branch, took on the new signature branch design, also showcased the opening of BIBD's first Corporate Banking Centre.

The new branch and Corporate Banking Centre was officially launched by Yang Mulia Dato Paduka Awang Hj Bahrin bin Abdullah, Deputy Minister of Finance cum Chairman of BIBD.





## BIBD Awards

### First Accolade of 2013

March 05

BIBD emerged as big winners at the Islamic Finance News (IFN) Awards 2013 when presented with four awards, the "Structured Finance Deal of the Year 2012" for the Brunei Gas Carriers (BGC) Sdn Bhd US\$170 million Islamic Financing Facility, "Turkey Deal of the Year 2012" for the Republic of Turkey's US\$1.5 billion sovereign Sukuk, the "Tawarruq Deal of the Year 2012" for Al-Baraka Turk US\$ 450 million Syndicated Financing, and the "Best Islamic Bank 2012" in Brunei Darussalam.

This commemorated all the strides BIBD has been pursuing at the international level, making its mark and further fortifying BIBD's presence in the international Islamic finance arena.

Among the awards was for 2012's BGC transaction, which attracted participation from two leading Japanese banks. It was the largest single financing transaction which was paramount to the long-term economic future of Brunei Darussalam



### Leading by Example

March 14

BIBD AR-Rahnu was conferred with the "Social Service Award" by the Asia-Pacific Enterprise Cooperation (AP-EC). Proud of its achievement, the award has earmarked all efforts made by BIBD Ar-Rahnu in helping a certain segment of the public with their financial requirements towards reaching their life long goals.

The Social Service Award is given in recognizing any publicly or privately provided services intended to support and help less fortunate person or group. These include benefits and facilities such as education, health care, and subsidized food and housing, provided with the hope to improving the life and living conditions of the communities.

This is an extension to the Bank's Corporate Social Responsibility initiatives that helps underprivileged segment through its business proposition.



### Best Retail Bank

March 21

BIBD was named as the "Best Retail Bank-Brunei" for the year 2012 at the 12th International Excellence in Retail Financial Services Award Ceremony, held in Korea by The Asian Banker (TAB).

Being the first Islamic Bank to receive the "Best Retail Banking" award for Brunei Darussalam is an indication of the constant state of progress of the bank, where its achievement is equalled to the other large multinational banks present in the country.

Winning this award showcases great achievement and progress for BIBD, as full-fledged bank, pushing it onto better heights regionally. It also represent a good year for BIBD, where the Bank managed to increase its market share in key retail product segments in Brunei.

Winning the award showcase BIBD's relentless efforts in strengthening and further supporting the nation's desire to continuously grow and develop its economy and industry capabilities, a commitment that we strongly uphold in order to help the country reach its goal, to be recognized as a developed nation status by 2035.



### Six Wins at The Asset Triple A Islamic Finance Awards

July 03

BIBD was awarded victories in six categories at The Asset Triple A - Islamic Finance Awards 2013 with awards for "Best Islamic Bank, Brunei", "Best Islamic Retail Bank, Brunei", "Best Islamic Trade Finance Bank, Brunei", "Best Islamic Loan Syndication", and "Best Islamic Deal, Turkey" for Albaraka Turk US\$450 million syndicated trade finance in which BIBD acted as one of the joint-arrangers and bookrunners.

The Bank also received the "Best Islamic Deal, Brunei" for its part as one of the mandated lead arrangers for Brunei Gas Carriers Sdn Bhd (BGC) US\$170 million Islamic financing facility.



### BIBD Bags Best Online Banking Initiative Award

July 18

BIBD is proud to receive the Asian Banking and Finance 2013 award for "Best Online Banking Initiative in Brunei", underscoring the great strides the bank has made over the years as it seeks to make financial solutions more easily accessible for customers – most recently, the flagship BIBD Online and BIBD Mobile.

As Brunei's premier bank, we continue to invest heavily in technology in order to better serve Bruneians, offering more innovative yet simple services that provide all customers with real-time access. BIBD's 24-hour Contact Center and numerous branches are further proof of BIBD's commitment to always being ready to serve every customer with our uniquely "Bruneian at Heart" qualities.





BIBD was recognised with the much coveted industry awards, "The World's Best Emerging Markets Banks 2013 in Asia-Pacific for Brunei" and "The World's Best Islamic Financial Institutions 2013 for Brunei" from Global Finance.

The awards criteria included growth in assets, profitability, strategic relationships, customer service, competitive pricing, and innovative products. It acknowledged the Bank's initiative in providing best-in-class solutions in catering to the different needs of its retail and corporate clients.

## The Banker's Bank of the year November 29

The Banker's "Bank of the Year Awards 2013 for Brunei Darussalam" was awarded to BIBD, after a rigorous judging in recognizing the Bank's various initiatives, in actively implementing a number of improvements to the banking's operations. The award is also a testament to the strong management, sound business model and prudent risk approach of BIBD.

This prestigious accolade was presented to BIBD during 'The Bank of the Year' Awards Dinner Ceremony in London.

BIBD Managing Director, Yang Mulia Javed Ahmad commented that, "Alhamdulillah, this international recognition tops a wonderful year for BIBD, as we strive towards becoming a world class Brunei financial institution with a truly "Bruneian at Heart."



## BIBD

## At-Tamwil Wins International Quality Crown Award

November 30

BIBD's subsidiary, BIBD At-Tamwil Berhad, was amongst the internationally recognized as they joined companies from 49 countries around the world to receive the prestigious International Quality Crown Award – Gold Category, held in London during the Award Gala Dinner.

The awards was presented to the recipients of the International Quality Crown based on excellence in leadership in management, technology innovation and expansion.

To date, BIBD At-Tamwil Berhad has achieved a record of seven unbroken consecutive years of growth in profitability since 2006, with compounded annual growth rate of more than 15% per annum becoming the year's most profitable financing company in Brunei.

The company's total assets have also grown from just over B\$150 million in 2006 to more than B\$600 million last year, with notable increases in the quality of its financing assets and the lowest non-performing financing rate.



To balance the need for growth in financing, BIBD At-Tamwil, through its Real Savers Initiative, has already opened more than 27,000 individual My Real Savings Accounts and has collected an estimated B\$70 million in customers' emergency savings.

BIBD At-Tamwil is also in the process of adopting Basel AIRB approach for 'expected and unexpected loss model' and adapting it later to IFRS9 standard". This is in line with the company's objective for full adaptation of IFRS standard effective from 2014.

## Recent International Awards



International Quality Crown Award  
-BIBD At-Tamwil Berhad



Best Local Bond Currency Deal of The Year for Swiber Capital's S\$150 million Islamic Trust Certificate



Best Deal, Singapore,  
for Swiber Capital S\$150 million five-year sukuk



Islamic Finance Deal of the Year in Africa - SAMIR US\$180 Million Structured Murabaha Financing



Best Online Banking Initiative - Brunei



Best Islamic Bank, Brunei;  
Best Islamic Retail Bank, Brunei;  
Best Islamic Trade Finance Bank, Brunei  
Best Islamic Loan Syndication ; Albarak Turk US\$450 million Syndicated Murabaha Financing Facility  
Best Islamic Deal, Brunei ; Brunei Gas Carriers US\$170 million limited-recourse Islamic financing facility  
Best Islamic Deal, Turkey - Highly Commended, Albarak Turk US\$450 million Syndicated Murabaha Financing Facility



## BIBD ISRA MOU

January 17

BIBD signed a Memorandum of Understanding with the International Shari'ah Research Academy for Islamic Finance (ISRA), in its effort to further develop its capabilities and understanding of Islamic Finance.

The MOU is aimed at maintaining an open and collaborative working relationship in an effort to establish, develop, and strengthen Shariah academic exchanges, particularly in the area of Islamic Banking and Finance.

Through this initiative, it will also ensure the delivery of world-class banking services, through BIBD's products and services which complies to the Islamic Law, whilst elevating BIBD's position in the fast growing Islamic Banking and Finance industry, as well as to share knowledge and raise awareness of Islamic financial to the public.



Signing on behalf BIBD and ISRA were Yang Mulia Javed Ahmad, Managing Director of BIBD, and Associate Professor Dr Mohamad Akram Laldin, Executive Director of ISRA, and witnessed by Yang Dimuliakan Pehin Orang Kaya Paduka Setia Raja Dato Paduka Seri Setia Haji Awang Suhaili bin Haji

Mohiddin, Deputy State Mufti and Sharia Appeal Court Judge cum Chairman of the Shariah Advisory Body (SAB) of BIBD, along with other members of the SAB.

The following April, BIBD converted selected financing products from Bai' Bithaman A'jil (BBA) to Tawarruq concept.

## Strengthening Our Shariah Compliance & Competence

As the flagship Islamic financial institution in Negara Brunei Darussalam, BIBD continues to be active in raising awareness on Islamic banking and driving the development of the Islamic knowledge in the country. This can be exemplified from a number of engagements that the Shariah Department was actively involved in, with the aim to advocate and elevate awareness on the benefits of Islamic finance.

Throughout the year, the Shariah Department was invited to conduct a series of educational talks and participated as a panellist in a forum that was organized by the Religious Teachers' University College (KUPUSB).

The department also participated in several international Shariah conferences and seminars such as the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) in Bahrain, the Nadwah Dallah Al Barakah in Jeddah, the Kuala Lumpur Islamic Finance Forum (KLIFF), and the Muzakarah Cendekiawan Syariah Nusantara.

All these are efforts to strengthen the compliance and competence according to the Islamic Law within BIBD, and in promoting knowledge on Islamic Finance in the country.

## BIBD Holds 2013 AGM

June 25

BIBD held its Annual General Meeting (AGM) which was attended by some 300 BIBD shareholders.

The meeting was held to approve the Financial Statements for the year ending 31st December 2012, to declare dividends for the Financial Year 2012, and announcing the Appointment and Settings of the Auditors Fees for The Financial Year Ended 31st December 2013.



## 2012 Zakat Contributions

July 24

BIBD's Zakat contribution for 2012 amounted to B\$ 2,156,896.96, whilst Zakat contributions from BIBD's customers for the period of 2012-2013 amounted to B\$ 279,250.29.

Present to hand over the Zakat contribution was Chairman of Shariah Advisory Body for BIBD and its subsidiaries, Yang Dimuliakan Pehin Orang Kaya Paduka Setia Raja Dato Paduka Seri Setia Awang Haji Suhaili bin Haji Mohiddin, to the Minister of Religious Affairs, Yang Berhormat Pengiran Dato Seri Setia Dr. Haji Mohammad bin Pengiran Haji Abdul Rahman, receiving on behalf of Islamic Religious Council of Brunei (MUIB).





## Joint-Lead Manager for SG\$150m Sukuk

August 01

In BIBD's further efforts to diversify its portfolio, the Bank's Singaporean presence was further strengthened when it became one of the Joint-Lead Managers, together with Maybank Kim Eng and DBS, for the successful inaugural issuance of Swiber Capital's SG\$150 million Islamic Trust Certificate. This issuance was also the first ever Islamic Sukuk issued by Swiber Capital.

## BIBD Takes Chairmanship Of CAIBA

October 21

BIBD has been presented with the chairmanship of CAIBA (China-ASEAN Interbank Association) for the next three years, as follow up to last year's bilateral cooperation framework agreement between BIBD and CDB.

CAIBA was established on October 20, 2010, as an organization of cooperation between banks in ASEAN, and China, which was founded by the China Development Bank (CDB).

The development objectives of CAIBA are to promote mutual trade, investment, and relevant financing projects supported by the government of China and ASEAN; to build a long-term cooperative relation with members bank on the principle of

## Co-Manager for Al Hilal's US\$ 500m Sukuk

October 08

BIBD, together with other multinational Islamic Banks, became the Co-Lead Managers in jointly securing a total of US\$6.3 billion in investment for the Al Hilal's Sukuk (12 times the amount being offered), that was obtained from 220 investors.

equality and mutual benefits; to enhance internal motivation for China and ASEAN's regional economic development, and respond actively to the opportunities and challenges to economic globalization.

Besides CBD and BIBD, the other 10 strong members includes, CIMB (Malaysia), DBS Bank Ltd (Singapore), PT Bank Mandiri (Persero) TBL (Indonesia), KASIKORNBANK (Thailand), Canadia Bank Plc (Cambodia), Laos Development Bank (Laos), Myanmar Foreign Trade Bank (Myanmar), Banco De Oro Unibank (The Philippines), and The Bank for Investment and Development of Vietnam (Vietnam).

BIBD's performance was also highlighted in terms of its profitability (Profits On Capital) where BIBD was placed at 457th in the world (from 527th last year) and Returns on Assets at 118th position (from 222nd position last year).

BIBD is honoured to represent Brunei Darussalam in the rankings of the world's top banks, showcasing to the world a uniquely Bruneian institution. It also highlights the character of a Bruneian institution, to not only be ranked among the world's best, but to continuously improve within the rankings.

## Among The World's Best Banks

December 27

Earlier in the year, BIBD was placed within the Top 1,000 World Banks rankings by The Banker for the second year running, representing Brunei as the only Brunei-based Bank to be included in The Banker's annual list of Global 1,000 Banks.

BIBD made positive progress, not only to be ranked, but also showed an improvement in the annual ranking results. BIBD is now ranked at 676th amongst the world's largest banks (up from 698th last year), and moving up to 51st among 1,000 banks in terms of Soundness in Capital Assets Ratio, a major improvement from 74th position last year.

## Support The Development of the Community



### Share Insights on SME Development

January 22

As part of the Bank's contribution towards the development of Small Medium Enterprises (SME) in Brunei Darussalam, BIBD, through its Institutional Banking arm, organised a special talk on "Launching Businesses: Lesson from Expert Entrepreneurs".

The aim of the talk was to highlight the importance of creativity and innovation, and translating them to real business values with a clear focus and specific timeline. It was also intended to motivate and spur interest amongst the attendees to become successful SMEs with the hope to potentially penetrate, and represent Brunei, internationally.

The Talk was conducted by Ms Anne-Valerie Ohlsson-Carboz, Associate Director of the Case Writing Initiative from Singapore Management University.

The attendees comprised of representatives from higher educational institutions, BINA, BEDB, I-Centre, Aurious, and selected BIBD's corporate clients.



### WMU starts Financial Literacy and Planning Talks

February 14

BIBD Wealth Management Unit (WMU) held a series of financial planning talks, aimed to disseminate information and create awareness on financial literacy and planning to the public.

The talk has been an important tool in helping improve the public's understanding of proper financial planning and debt management. It also includes planning for retirement, achieve life's milestone such as raising a family, getting a dream home, plan for children's education and importantly over time to build personal financial wealth.

The series of talks were delivered to schools and higher insitutions, as well as extensions to personnels from the government departments and corporate entities.



## Impian Package April 01

We introduced the “Impian Package” which is a new innovative addition to our current line of Home Improvement Financing products that is specially designed for the National Housing Scheme. The BIBD Impian package allows financing of up to 100% of renovation costs with an attractive repayment period of up to ten years.

The package is a one-stop solution that encompasses all required amenities which includes renovation and interior decoration works, selection of design & materials, selection of fixtures and fittings, all pre-approved and endorsed by the Housing Department and the Authority for Building and Construction Industry, and Fire Takaful Scheme, which incorporates takaful premiums to protect your home.

The BIBD Impian package is also hassle free as all layouts, designs, protection, and pricing has been pre-developed and pre-approved from the appropriate authorities for customer's convenience. The whole package also provides a cheaper total cost as it is achieved through economies of scale and is supplied by a chosen panel of contractor.



## Electronic Money

April 05

BIBD launched its mobile internet payment service platform, “BIBD eTunai”, as another extension to the array of services available within the BIBD Mobile application. This service allows BIBD Mobile users to transact at participating merchants without the need for physical cash or cards. Payment is made directly from the account wirelessly through a smart phone.

The user-interface was designed around the usage of Quick Response (QR) codes for confirmation of the transaction. As a further convenience, customers can also opt to use their “Hadiah” points for payments, allowing a hassle-free instant reward point redemption process.



## Property Investment Talk

May 03

BIBD held a property investment talk for its Perdana Banking (PB) customers, which was organised to showcase some of the many privileges and benefits offered over the year. The event also sought to further strengthen our relationship with the clients, and at the same time to illustrate BIBD's appreciation to the unyielding support BIBD's Perdana members have demonstrated over the years.

At the event, PB customers also had the opportunity to acquire useful knowledge and basic information on property investments, and how it can be used as an alternative to grow wealth.



## More Hadiah Plus Rewards

May 10

AirAsia BIG Loyalty Programme became the latest addition and an important partner to BIBD's list of merchants in the BIBD Hadiah Plus rewards programme.

With the signing of the MOU, BIBD cardholders can now convert their BIBD Hadiah points into AirAsia's BIG Points, to purchase and redeemed for AirAsia flights, Tune Hotel stay, AirAsia merchandise and AirAsia e-gift vouchers.





## BIBD Reward Customers

### Ar-Rahnu Sends Winners To Perform Umrah January 23



BIBD presented the grand prize winner of its Ar-Rahnu promotional campaign with an Umrah Package plus accommodation for two persons. The campaign was aimed at promoting the benefits of Shariah-based pawn-broking product to the public.

Ar-Rahnu is a concept based on the principles of Wadiah Yad Dhamanah and Ar Rahn, which is a hassle-free means of obtaining short-term financing by using gold items or precious stones as collateral; and as an alternative, in generating working capital to start up small businesses or for immediate short-term cash requirements.

In addition, the Ar-Rahnu product is in line with the nation's desire, to help the public in meeting their needs and improves socio-economic conditions.

### Mercedes Benz A-Class BIBD Barakah 4 Winner April 26



BIBD launched the fourth edition of their flagship reward programme, the BIBD "Barakah campaign" which was first launched in 2011, with a Mercedes Benz A-Class prepared as the grand prize.

Participants of the campaign also stood a chance to win an Islamic-themed Beijing Tour for three persons with spending money for the runner-up; a 100gm gold bar, with 99.9% purity for the third place winner, while the fourth placed winner received 300,000 Royal Skies Miles to travel to their favourite destinations. Meanwhile the fifth placed winner took home a brand new 46" Samsung LED TV and home theatre.

Meanwhile, ten Barakah 4 finalists were announced on the 18th of October 2013 to compete amongst themselves to drive home the main prize.

All these efforts are to express the Bank's appreciation for the customers patronage and continuous loyalty to BIBD, and to attract new customers to experience and embrace the Syariah-based propositions that is comparable, if not better, than the international providers present locally.



## BIBD Barakah 5 December 5

BIBD launched its 5th 'BIBD Barakah' campaign, with a luxurious Jaguar XF as the grand prize.

Beside the fantastic grand prize, the participants of the Barakah campaign also stand a chance to win Apple products, Samsung gadgets, a 60" LED TV and 300,000 Royal Skies Miles.

The campaign which is centered to encourage transfer of salaries to BIBD, has drawn positive responses and has increased the acquisition of new customers to patron BIBD.



## Improving Customer Relations

### PWB Golf January 12



Perdana Banking (PB) held its 2nd Invitational Golf event of the year at the Empire Hotel and Country Golf Club in Jerudong. Amongst the invited guests were PB members, senior prominent individuals from both the public and private sectors.

The event aims to foster closer relationships with the clients and to show the bank's appreciation towards their relentless support over the past years. The management of BIBD continuously looks forward to greater business growth and opportunities while working together with its Consumer, Corporate, and Institutional customers to harness everyone's aspirations, and ultimately the nation's development.

Present as the guest of honour at the prize giving ceremony was the Minister of Industry and Primary Resources, Yang Berhormat Pehin Orang Kaya Seri Utama Dato Seri Setia Awang Haji Yahya bin Begawan Mudim Dato Paduka Haji Bakar.

A similar event was held at the end of the year as the 3rd edition of the Invitational Golf.

## BIBD "Majlis Takbir Syawal"

August 23

Our annual "Majlis Takbir Syawal" was held at the Indera Samudra Grand Hall of the Empire Hotel and Country Club in Jerudong, was aimed at fostering closer ties between BIBD personnel with their stakeholders from the government and private sectors, SMEs, shareholders, as well as corporate partners.

In the spirits of Aidil Fitri, it is hoped this initiative shall be a platform to continuously illustrate the true values of BIBD being Bruneian at Heart, upholding the culture that is prevalent during Syawal.





## ALAF Launch

May 11

BIBD is proud to have launched its flagship initiative for underprivileged and orphaned Bruneian children, the BIBD ALAF (Advocating Life-long Learning for an Aspiring Future) Programme. The ALAF programme is an extension of BIBD's contribution to early childhood education, a cause that BIBD is committed to championing for the future of our nation.

Through ALAF, BIBD aims to align its efforts with His Majesty's 2035 vision of 100% level of education for all Bruneians, which will help reduce poverty and lead Brunei towards a more prosperous future as an inclusive, modern player on a global stage. Being Bruneian at Heart, BIBD understands the importance of education in nation building and the role the bank plays as a national Islamic financial institution.



Seeking to include other Bruneians in this drive towards a better future for all, BIBD has opened a special ALAF account that allows members of the public to make contributions that would fund education sponsorships for selected underprivileged and orphaned children. Donations can also be made through all BIBD banking channels such as BIBD Online, BIBD Mobile, standing instructions, Cash Deposit Machines and all BIBD counters.

Officiating the launch of BIBD ALAF as guest of honour was Her Royal Highness Paduka Seri Pengiran Anak Isteri Pengiran Anak Sarah at a ceremony that was held at the Indera Samudra Grand Hall at the Empire Hotel and Country Club, attended by 400 supporters of this initiative.







## BIBD

### Partner with MOE for BIBD ALAF

May 11

As a follow-up to the launch of the ALAF program, BIBD signed a Memorandum of Understanding (MOU) with the Ministry of Education, as the key partner for the Program.

The MOU initiated the start of the cooperation, which hoped to benefit some 100 underprivileged students annually, through providing basic educational items such as stationeries and uniforms. This program serves to compliment to the existing free educational system provided by His Majesty's government.

This MOU underscore the importance of education as the key component in breaking the poverty cycle, as well as the development of a child and the nation.

The signing of this memorandum is supportive of His Majesty's titah on the increased involvement of Corporate Social

Responsibility activities among GLCs and the private sectors, specifically on charity actions through strategic partnerships with government agencies.

Signing on behalf of BIBD was Managing Director, Yang Mulia Javed Ahmad, and Yang Mulia Dr Hj Junaidi bin Hj Abd Rahman, Permanent Secretary (Core Education), at the Minister of Education.

The signing was witnessed by Yang Berhormat Pehin Orang Kaya Seri Kerna Dato Seri Setia Haji Awang Abu Bakar bin Haji Apong, Minister of Education, and Yang Berhormat Pehin Orang Kaya Seri Utama Dato Seri Setia Awang Haji Yahya bin Begawan Mudim Dato Paduka Haji Bakar, Minister of Industry and Primary Resources in his capacity as then BIBD Chairman.





# CE-ALAF 2013

August 30 - November 24

The 2013 BIBD Charity Expedition, one of the fund-raising activities held under the BIBD ALAF initiative, was officially launched with the opening of the online registrations process via the BIBD ALAF official website.

CE-ALAF, which carries the tagline “One Step, One Pedal, One Education”, brings in runners and cyclists the opportunity to play a major part in assisting underprivileged children to remain and continue their education.

The “Bruneian at Heart” tagline aligns with BIBD’s CSR objectives, highlighting the Bank’s commitment to the Bruneian aspiration,



values, and in enhancing its roots in the Bruneian and Islamic ideals, and the social well-being of the public.

The first BIBD CE-ALAF Midnight Marathon 42 km run was a unique addition to the Charity Expedition, where 25 participants were selected, aimed to raise funds for ALAF via a sponsorship, a programme sponsored by corporate organizations and individuals. The Marathon managed to collect over B\$52,000 from the pledged sponsors.

The BIBD Charity Expedition managed to attract more than 6,000 participants; which demonstrated an exemplary of Brunei’s ever-caring society and the participation of His Royal Highness Prince ‘Abdul Wakeel ibni Kebawah Duli Yang Maha Mulia Paduka Seri Baginda Sultan Haji Hassanal Bolkiah Mu’izzaddin Waddaulah, along with Her Royal Highness Princess Ameerah Wardatul Bolkiah ibni Kebawah Duli Yang Maha Mulia Paduka Seri Baginda Sultan Haji Hassanal Bolkiah Mu’izzaddin Waddaulah and other members of the royal family.







## Supporting & Promoting Entrepreneurship among the Community

March 19

BIBD officers were invited as guest speakers and presenters at Livewire's Entrepreneurship Training Programmes and Workshops, to students and panel judges of the Livewire Business Awards. In addition, BIBD also provided support to the local academic business programmes.

This initiative is in line with BIBD's aim to be more involved in the support and promotion of entrepreneurship amongst students, youth, and the community in the country.

## Future Leaders

April 23

BIBD proudly extended its full support to the Brunei Economic Development Board's (BEDB) 'Junior Achievement Company Program' (JACP) at the launch of the program on April 13th at Sekolah Menengah Rimba II.

The program is aimed at promoting entrepreneurship, enhancing financial literacy and imparting entrepreneurial skills to participating students – all of which will ultimately inspire the growth of business start-ups in Brunei.

Given BIBD's core focus on education, entrepreneurship and community, the JACP program is well aligned to other BIBD initiatives such as the delivery of training lessons in entrepreneurship, where participants are taught about company set-up, financial management and the development of business plans for kick-starting operations.

## 2013 Sirah Amal Initiative

June 28



The annual Sirah Amal program (SA) that first started in 2010, this year has attracted the collaboration of the Society of Community Outreach & Training (SCOT), Universiti Brunei Darussalam (UBD).

The SA was initiated with the combined efforts and resources of generous BIBD employees through their own internal fund-raising and aims to ease the burden of the underprivileged families, especially in performing their fasting, during the holy month of Ramadan.

Throughout the program, a total of five trips were made by BIBD and SCOT volunteers to the homes of underprivileged

families located at the Belait, Temburong, Tutong and Brunei-Muara districts, which were identified by a few local NGOs. The donations included food hampers and other daily basic necessities.

In addition, this annual program, also with the support from SCOT, included the "Bantuan Jariah Eidulfitri", which provided assistance to low-income and underprivileged single mothers.

The program is very much aligned with BIBD's tagline "Bruneian at Heart", that emphasizes on the values of caring for the society which is inherent amongst the Bank's employees.

## Donations to Temburong Longhouse Fire Victims

July 07

BIBD representatives made a few visits to residents of the blazed longhouse of Kampung Sumbiling Baru in Temburong District that has left families without any basic necessities. Through the combined efforts and resources of generous BIBD employees, the Bank donated items that included food hampers and clothings.

Aligning our commitment to continuously illustrate the evercaring traits towards the plight of our community, we are always prepared to come forward to contribute and assist the community in need. In addition, this initiative is very much



in line with the BIBD CSR objective in creating awareness and developing socially responsible individuals.

## Collaboration With JAPEM For A Benign Cause

July 20

In the spirit of the holy month of Ramadhan, BIBD collaborated with The Community Development Department (JAPEM) of The Ministry of Culture, Youth and Sports, as part of its annual charitable initiative, have jointly presented donations to more than 4,000 orphans nation-wide. BIBD also presented monetary rewards, in the form of BIBD Saving Accounts, to orphaned students from the four districts, who obtained excellent results in their end of year examination.

Present as the guest of honor at the event was Yang Mulia Datin Paduka Hajah Adina binti Othman, Acting Minister of Culture, Youth and Sports. Meanwhile, BIBD was represented by Deputy Minister of Finance cum BIBD Chairman, Yang Mulia Dato Paduka Awang Haji Bahrin bin Abdullah and Yang Mulia Javed Ahmad, BIBD's Managing Director.



## Ignite Entrepreneurship Challenge

September 25

BIBD partnered with iCentre for "The Ignite Entrepreneurship Challenge", which served as a platform for identifying, nurturing, and showcasing emerging entrepreneurs. The Challenge also provided a grand prize of B\$20,000 for a business start-up.

Selected participants of the "Ignite Entrepreneurship Challenge" were entitled to join a two-day boot camp where they received special training and individualized coaching from experienced

mentors, which included senior officials from BIBD.

BIBD will continue to play its role in providing support through the sharing of knowledge and assistance in developing skills in entrepreneurship, amongst the youth and students; subsequently, helping in the growth of quality small and medium enterprises in this country



### Improving Inter-Branch Relations April 20

In BIBD's efforts to foster closer relationships amongst its employees, whilst at the same time promoting a healthy lifestyle, the BIBD Sports and Recreational Club (SRC) via its Cycling Club initiative organised a "Branch Hopping" Activity, which included cycling tours to BIBD branches at Bandar, Manggis, Gadong, Kiulap, Seri, Tutong, and Tanjong Bunut.

Attending as the guest of honour and joining the cycling team was Yang Berhormat Pehin Orang Kaya Seri Utama Dato Seri Setia Haji Awang Yahya bin Begawan Mudim Dato Paduka Haji Bakar, Minister of Industry and Primary Resources; together with Yang Mulia Javed Ahmad, Managing Director of BIBD along with approximately sixty other cyclists.



### Royal Respects July 18



The annual 'Majlis Bertahlil', held at the Royal Mausoleum in Jalan Tutong, was to pay respects to the late Al-Marhum Sultan Hj Omar Ali Saifuddin Sa'adul Khairi Waddien ibni Al-Marhum Sultan Muhammad Jamalul Alam and Al-Marhumah Duli Raja Isteri Pengiran Anak Damit binti Pengiran Bendahara Pengiran Anak Abdul Rahman, during the holy month of Ramadhan.

It was attended by Yang Mulia Dato Paduka Awang Haji Bahrin bin Abdullah, Deputy Minister of Finance cum Chairman of BIBD and its Group of Companies, Awang Junaide bin Haji Masri, Assistant Managing Director of Brunei Investment Agency cum BIBD Board Director, Yang Mulia Javed Ahmad, BIBD's Managing Director along with officers and staffs of BIBD and its group of companies.

### Khatam AL-Quran

July 25



The annual "Majlis Khatam Al-Quran and Majlis Bersungkai" organized for the bank's personnel, was held at the Tarindak D'Polo Restaurant, JPCC Jerudong.

The ceremony began with the recitation of the Surah Al-Fatihah, followed by the Khatam Al-Quran and later the breaking of fast, before congregating for the mass Maghrib prayer led by Yang Mulia Imam Haji Daud bin Haji Abdul Kadir.



Present at the ceremony were member to BIBD Board of Directors, Yang Mulia Awang Junaide bin Haji Masri, Assistant Managing Director of the Brunei Investment Agency, Yang Mulia Dr Haji Abdul Manaf bin Haji Metussin, Deputy Chief Executive Officer at the Brunei Economic Development Board, along with BIBD Managing Director, Yang Mulia Javed Ahmad. Also present was Shariah Advisory Body member, Yang Mulia Dr Dayang Hajah Masnon binti Haji Ibrahim, Ra'ies of Seri Begawan Religious Teachers University College, and around 350 officers and staff from BIBD.

### AidilAdha Celebrations

October 19

As part of its annual activity, BIBD organized the Aidiladha Korban ceremony at the Kampong Bunut Mosque. The event started with the recital of prayers to initiate the distribution of the Korban meat process and ended with a recital of the Doa Selamat. A total of nine buffaloes were sacrificed, and the meat was distributed by Yang Mulia Javed Ahmad, to around 150 underprivileged members of the community. During the event, BIBD also contributed 100 Yassin books to the Kampong Bunut Mosque.







**Bank Islam Brunei Darussalam Berhad**

*(Incorporated in Brunei Darussalam)  
Audited Financial Statements 31 December 2013*

*1 These financial statements are a summary extract of the Audited Financial Statements of Bank Islam Brunei Darussalam Berhad and its subsidiaries and have been reproduced for the purposes of the Annual Report.*

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## Directors' report

The directors have pleasure in presenting this report together with the audited financial statements of Bank Islam Brunei Darussalam Berhad ("the Bank") and its subsidiaries ("the Group") for the financial year ended 31 December 2013.

## Principal activities

The Bank is principally engaged in the provision of Islamic banking business in accordance with Shariah principles as allowed under the Islamic Banking Order, 2008.

The subsidiaries are principally engaged in the provision of Islamic hire-purchase, stockbroking, asset and fund management, leasing and management services.

There were no significant changes in these activities during the financial year.

## Results

	Bank B\$'000	Group B\$'000
Profit for the year	84,878	114,009
Attributable to:		
Equity holders of the Bank	84,878	112,531
Minority interest	-	1,478
	84,878	114,009

## Dividend

Dividend in respect of financial year ended 31 December 2012 of B\$23,916,734 was declared and paid on 19 July 2013.

## Directors

The name of directors of the Bank at the date of this report are:

Yang Mulia Dato Paduka Awang Haji Bahrin bin Abdullah	(Chairman)
Yang Mulia Iqbal Ahmad Khan	
Yang Mulia Junaidi bin Hj Masri	
Yang Mulia Jan Hendrik van Greuning	
Yang Mulia Javed Ahmad bin Kamil Hasan	(Managing Director)
Yang Mulia Abdulaziz Mohammed L. Alsubaei	
Yang Mulia Dr Abdul Manaf bin Haji Metussin	(Appointed on 15 July 2013)
Yang Mulia Awang Mozart bin Haji Brahim	(Alternate Director to Yang Mulia Junaidi bin Hj Masri, appointed on 15 July 2013)

## Directors' benefit

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements to which the Bank was a party, whereby the directors might acquire benefits by means of acquisition of shares in the Bank or any other corporate body.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefit included in the aggregate amount of emoluments received or due receivable by directors, or the fixed salary of a full time employee of the Bank as disclosed in Note 8(a) of the financial statements) by reason of a contract made by the Bank or a related corporation with any director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.



## Directors' interests

The following directors who held office at the end of the financial year had, according to the register required to be kept under Section 95, of the Companies Act, Chapter 39, an interest in shares of the Bank, as stated below:

	Number of ordinary shares of B\$1 each	
	1 January 2013	31 December 2013
Yang Mulia Dato Paduka Awang Haji Bahrin bin Abdullah	4,441	4,441
Yang Mulia Iqbal Ahmad Khan	1	1
Yang Mulia Javed Ahmad bin Kamil Hasan	5,001	5,001
Yang Mulia Awang Junaidi bin Masri	1	1

Other than as disclosed, none of the directors in office at the end of the financial year had any interest in shares and in options in the Bank or its related corporations during the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 March 2014.



**Yang Mulia Dato Paduka Awang Haji Bahrin bin Abdullah**  
Chairman



**Javed Ahmad bin Kamil Hasan**  
Managing Director

**Brunei Darussalam**

28 March 2014

## Shariah Advisory Body Report

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين والصلاة والسلام على سيدنا محمد وعلى آله وصحبه أجمعين

To the Shareholders of Bank Islam Brunei Darussalam Berhad,

السلام عليكم ورحمة الله وبركاته

To fulfill the terms of our appointment and in our capacity as members of Bank Islam Brunei Darussalam Berhad's Shariah Advisory Body, we are pleased to report as follows:

- We have reviewed the principles outlined in the contracts that relates to the transactions as well as the applications of these principles in the products and services introduced by Bank Islam Brunei Darussalam Berhad and its Group of Companies ("Bank") during the financial year ended 31 December 2013 to ensure conformity with the rules and principles of Shariah.
- In ensuring the Bank has complied with the Shariah rules and principles and rulings issued by us, we have also performed oversight role through the Shariah review and Shariah audit functions carried out by the Shariah Department.
- We have assessed the work carried out by Shariah Department and its effectiveness to implement the Shariah Governance Framework which included pre and post Shariah review and examination, on a test basis towards the business transaction, the relevant documentations and procedures adopted and/or entered into by the Bank.
- The Bank's management is responsible for ensuring that the Bank conducts its business in accordance with Shariah rules and principles. It is our responsibility to present an independent opinion base on our review of the Bank's business operations and to subsequently report to you.
- We obtained all information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated the Shariah rules and principles in all transaction that had been presented to us.

On that note, we, the Shariah Advisory Body of Bank Islam Brunei Darussalam Berhad, are of the opinion and hereby confirm that:

- The contracts, transactions and dealings entered into by the Bank during the financial period ending 31 December 2013 that we have reviewed are in compliance with Shariah rules and principles;
- All earnings that have been realized from sources or by means prohibited by Shariah rules and principles have been separated and considered for disposal to charitable causes; and
- The Bank's calculation and distribution of zakat is in compliance with Shariah rules and principles.

This opinion is rendered based on what has been presented by the management of the Bank to us.



We pray to Allah *Subhanahu Wa Ta'ala* to assist everyone to act in accordance with the rulings of Islamic banking and to keep away from carrying out any transactions that are prohibited by Allah. May Allah *Subhanahu Wa Ta'ala* bless us with the best *taufiq* and *hidayah* to accomplish these cherished tasks, make us successful and forgive us in this world and in the hereafter. Amin.

والله ولي التوفيق والهداية

On behalf of the Shariah Advisory Body's members,



Yang Dimuliakan

Pehin Orang Kaya Paduka Setia Raja Dato Paduka Seri Setia

Haji Awang Suhaili bin Haji Mohiddin

Chairman

Brunei Darussalam

28 March 2014



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## Independent auditor's report

### Members of the Bank

### Bank Islam Brunei Darussalam Berhad

## Report on the financial statements

We have audited the accompanying financial statements of Bank Islam Brunei Darussalam Berhad (the Bank) and its subsidiaries (the Group), which comprise the balance sheets of the Bank and the Group as at 31 December 2013, the income statements, statements of changes in equity and cash flow statements of the Bank and the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 61.

## Directors' responsibility

The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (the Act), the Islamic Banking Order, 2008 and generally accepted accounting principles in Brunei Darussalam with such modification so as to comply with the Guidelines/Notices issued by the Autoriti Monetari Brunei Darussalam or issued pursuant to the Islamic Banking Order, 2008 and Principles of Shariah as approved by the Shariah Advisory Body. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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 of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the 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 the 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 consolidated financial statements of the Group and the financial statements of the Bank have been properly drawn up in accordance with the provisions of the Act, the Islamic Banking Order, 2008 and generally accepted accounting principles in Brunei Darussalam with such modification so as to comply with the Guidelines/Notices issued by the Autoriti Monetari Brunei Darussalam or issued pursuant to the Islamic Banking Order, 2008 and the Principles of Shariah as approved by the Shariah Advisory Body, to give a true and fair view of the financial position of the Bank and the Group as at 31 December 2013 and the results, changes in equity and cash flows of the Bank and the Group 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 Bank; and

- (b) we have obtained all the information and explanations that we required.

KPMG LLP  
Singapore Public Accountants and  
Singapore Chartered Accountants

Leong Kok Keong  
Brunei Darussalam Public Accountant

Singapore  
28 March 2014

# INCOME STATEMENT

For the year ended 31 December	Note	Bank			Group		
		2013 B\$'000	2012 B\$'000	Change %	2013 B\$'000	2012 B\$'000	Change %
			(Restated)			(Restated)	
<b>Income</b>							
Income derived from investment of depositors'							
funds and others	4	189,734	187,828	1.0	226,917	219,833	3.2
Income derived from investment of							
shareholders' funds	5	37,412	36,814	1.6	55,099	56,076	(1.7)
<b>Less:</b>							
Allowance for losses on							
financing and advances	6	(11,601)	(4,541)	155.5	(13,852)	(5,801)	138.8
(Allowance for) / Writeback of							
losses on investments		(5,565)	132	(> 100)	(5,565)	132	(> 100)
<b>Total distributable profit</b>		<b>209,980</b>	<b>220,233</b>	<b>(4.7)</b>	<b>262,599</b>	<b>270,240</b>	<b>(2.8)</b>
<b>Less:</b>							
Income attributable to depositors	7	(16,154)	(13,861)	16.5	(20,433)	(19,000)	7.5
<b>Total net income</b>		<b>193,826</b>	<b>206,372</b>	<b>(6.1)</b>	<b>242,166</b>	<b>251,240</b>	<b>(3.6)</b>
<b>Less:</b>							
Personnel expenses	8	(44,096)	(43,275)	1.9	(53,433)	(51,395)	4.0
Provision for staff retirement benefits		(760)	(571)	33.1	(840)	(618)	35.9
Other overhead expenses	9	(37,605)	(38,319)	(1.9)	(45,977)	(48,080)	(4.4)
<b>Total operating expenses</b>		<b>(82,461)</b>	<b>(82,165)</b>	<b>0.4</b>	<b>(100,250)</b>	<b>(100,093)</b>	<b>0.2</b>
<b>Less: Finance cost</b>	<b>10</b>	<b>(2)</b>	<b>(3)</b>	<b>(33.3)</b>	<b>(2)</b>	<b>(3)</b>	<b>(33.3)</b>
<b>Profit before zakat and taxation</b>		<b>111,363</b>	<b>124,204</b>	<b>(10.3)</b>	<b>141,914</b>	<b>151,144</b>	<b>(6.1)</b>
<b>Less :</b>							
Zakat	11a	(2,859)	(2,653)	7.8	(435)	(2,653)	(83.6)
Income tax expense	12a	(23,626)	(23,641)	(0.1)	(27,470)	(29,799)	(7.8)
<b>Total zakat and income tax expense</b>		<b>(26,485)</b>	<b>(26,294)</b>	<b>0.7</b>	<b>(27,905)</b>	<b>(32,452)</b>	<b>(14.0)</b>
<b>Profit for the financial year</b>		<b>84,878</b>	<b>97,910</b>	<b>(13.3)</b>	<b>114,009</b>	<b>118,692</b>	<b>(3.9)</b>
Profit for the year attributable to:							
Equity holders of the Bank		84,878	97,910	(13.3)	112,531	117,883	(4.5)
Minority interests		-	-	N/A	1,478	809	82.7
<b>Profit for the financial year</b>		<b>84,878</b>	<b>97,910</b>	<b>(13.3)</b>	<b>114,009</b>	<b>118,692</b>	<b>(3.9)</b>
Dividend per ordinary share (B\$)							
Basic and diluted earnings per share (B\$)	14	0.12	0.14	(14.3)	0.16	0.16	(2.1)

<sup>(1)</sup> Refer to Note 2.4

The significant accounting policies and the notes from pages 14 to 61 form an integral part of the financial statements.



**BALANCE SHEET**

As at 31 December	Note	Bank			Group		
		2013	2012	Change	2013	2012	Change
		B\$'000	B\$'000	%	B\$'000	B\$'000	%
		(Restated)			(Restated)		
<b>Assets</b>							
Cash and short term funds	15	2,627,676	2,788,078	(5.8)	2,455,157	2,773,564	(11.5)
Balances with Autoriti Monetari Brunei Darussalam	16	283,175	250,374	13.1	307,289	273,536	12.3
Government Sukuk	17	27,986	22,995	21.7	27,986	22,995	21.7
Investments	18	696,253	545,591	27.6	691,176	556,458	24.2
Financing and advances	19	2,262,151	1,903,641	18.8	2,763,688	2,338,611	18.2
Investments in subsidiaries	21.1	26,483	26,483	-	-	-	N/A
Investment in associate	21.2	7,080	7,080	-	7,903	7,903	-
Group balances receivable	22	152	190	(20.0)	-	-	N/A
Fixed assets	23	32,097	30,832	4.1	66,061	66,157	(0.1)
Other assets	24	40,325	41,540	(2.9)	58,010	61,133	(5.1)
Deferred tax assets	30	521	-	N/A	-	-	N/A
<b>Total assets</b>		<b>6,003,899</b>	<b>5,616,804</b>	<b>6.9</b>	<b>6,377,270</b>	<b>6,100,357</b>	<b>4.5</b>
<b>Liabilities and equity</b>							
Deposits from customers	25	4,369,163	4,217,335	3.6	4,583,022	4,469,766	2.5
Deposits from banks and other financial institutions	26	395,863	309,770	27.8	419,694	425,762	(1.4)
Financing	27	104,401	10,000	> 100	104,401	10,000	> 100
Group balances payable	28	428	990	(56.7)	-	-	N/A
Other liabilities	29	85,194	82,494	3.3	94,768	95,522	(0.8)
Deferred tax liabilities	30	-	182	(100.0)	1,842	2,182	(15.6)
Zakat	11b	2,859	2,657	7.6	2,859	5,081	(43.7)
Provision for taxation	12b	28,737	31,707	(9.4)	35,199	39,451	(10.8)
<b>Total liabilities</b>		<b>4,986,645</b>	<b>4,655,135</b>	<b>7.1</b>	<b>5,241,785</b>	<b>5,047,764</b>	<b>3.8</b>
<b>Shareholders' equity</b>							
Share capital	31	724,750	724,750	-	724,750	724,750	-
Treasury shares	31.1	-	-	N/A	(2,872)	-	N/A
Statutory reserves fund	32	262,822	211,895	24.0	294,147	241,898	21.6
Other reserves	33	29,682	25,024	18.6	95,256	64,193	48.4
Total shareholders' funds		1,017,254	961,669	5.8	1,111,281	1,030,841	7.8
Minority interests	34	-	-	N/A	24,204	21,752	11.3
<b>Total equity</b>		<b>1,017,254</b>	<b>961,669</b>	<b>5.8</b>	<b>1,135,485</b>	<b>1,052,593</b>	<b>7.9</b>
<b>Total liabilities and equity</b>		<b>6,003,899</b>	<b>5,616,804</b>	<b>6.9</b>	<b>6,377,270</b>	<b>6,100,357</b>	<b>4.5</b>
<b>Contingencies and commitments</b>	35	<b>4,446,946</b>	<b>3,445,449</b>	<b>29.1</b>	<b>4,447,974</b>	<b>3,449,529</b>	<b>28.9</b>
<b>Capital adequacy</b>							
Core capital (Tier 1) ratio %	38	24.6%	27.4%	(10.49)	23.5%	25.2%	(6.66)
Total capital ratio %	38	24.6%	27.3%	(9.96)	24.3%	25.9%	(6.29)

The significant accounting policies and the notes from pages 14 to 61 form an integral part of the financial statements.

**Certification**

I certify that the above financial statements give a true and fair view of the state of affairs as at 31 December 2013 and its profit for the year ended 31 December 2013.



**Javed Ahmad bin Kamil Hasan**  
**Managing Director**

The financial statements were approved by the Board of Directors and signed for and on its behalf of the Board.



**Yang Mulia**  
**Dato Paduka Awang Haji Bahrin bin Abdullah**  
**Chairman**



**Yang Mulia**  
**Javed Ahmad bin Kamil Hasan**  
**Managing Director**

28 March 2014



## STATEMENT OF CHANGES IN EQUITY

### Bank

For the year ended 31 December	Note	Share capital B\$'000	Statutory reserves fund B\$'000	Net unrealised gain/(loss) on available-for-sale investments B\$'000	Retained profits B\$'000	Total equity B\$'000
<b>Balance as at 1 January 2012 as reported previously</b>		<b>724,750</b>	<b>133,914</b>	<b>(3,096)</b>	<b>34,156</b>	<b>889,724</b>
Effect of change in accounting policy	2.4	-	4,548	-	1,516	6,064
<b>Balance as at 1 January 2012 as restated</b>		<b>724,750</b>	<b>138,462</b>	<b>(3,096)</b>	<b>35,672</b>	<b>895,788</b>
Net change in fair value of available-for-sale investments		-	-	2,034	-	2,034
Net profit for the financial year (restated)		-	-	-	97,910	97,910
Dividends paid during the year	13	-	-	-	(34,063)	(34,063)
Transfers during the year (restated)	33	-	73,433	-	(73,433)	-
<b>Balance as at 31 December 2012/1 January 2013 as restated</b>		<b>724,750</b>	<b>211,895</b>	<b>(1,062)</b>	<b>26,086</b>	<b>961,669</b>
Net change in fair value of available-for-sale investments		-	-	(5,376)	-	(5,376)
Net profit for the financial year		-	-	-	84,878	84,878
Dividends paid during the year	13	-	-	-	(23,917)	(23,917)
Transfers during the year	33	-	50,927	-	(50,927)	-
<b>Balance as at 31 December 2013</b>		<b>724,750</b>	<b>262,822</b>	<b>(6,438)</b>	<b>36,120</b>	<b>1,017,254</b>

### Group

For the year ended 31 December	Note	Share capital B\$'000	Treasury shares B\$'000	Statutory reserves fund B\$'000	Net unrealised gain/(loss) on available-for-sale investments B\$'000	Retained profits B\$'000	Total shareholders' funds B\$'000	Minority interests B\$'000	Total equity B\$'000
<b>Balance as at 1 January 2012 as reported previously</b>		<b>724,750</b>	-	<b>153,919</b>	<b>(1,488)</b>	<b>62,384</b>	<b>939,565</b>	<b>16,971</b>	<b>956,536</b>
Effect of change in accounting policy	2.4	-	-	4,548	-	1,516	6,064	-	6,064
<b>Balance as at 1 January 2012 as restated</b>		<b>724,750</b>	-	<b>158,467</b>	<b>(1,488)</b>	<b>63,900</b>	<b>945,629</b>	<b>16,971</b>	<b>962,600</b>
Net change in fair value of available-for-sale investments		-	-	-	1,392	-	1,392	-	1,392
Net profit for the financial year (restated)		-	-	-	-	117,883	117,883	809	118,692
Dividends paid during the year	13	-	-	-	-	(34,063)	(34,063)	-	(34,063)
Transfers during the year (restated)	33	-	-	83,431	-	(83,431)	-	-	-
Contributions from minority interest		-	-	-	-	-	-	3,972	3,972
<b>Balance as at 31 December 2012/1 January 2013 as restated</b>		<b>724,750</b>	-	<b>241,898</b>	<b>(96)</b>	<b>64,289</b>	<b>1,030,841</b>	<b>21,752</b>	<b>1,052,593</b>
Bank's shares held by subsidiaries		-	(2,872)	-	-	-	(2,872)	-	(2,872)
Net change in fair value of available-for-sale investments		-	-	-	(5,302)	-	(5,302)	-	(5,302)
Net profit for the financial year		-	-	-	-	112,531	112,531	1,478	114,009
Dividends paid during the year	13	-	-	-	-	(23,917)	(23,917)	(1,521)	(25,438)
Transfers during the year	33	-	-	52,249	-	(52,249)	-	-	-
Contributions from minority interest		-	-	-	-	-	-	2,495	2,495
<b>Balance as at 31 December 2013</b>		<b>724,750</b>	<b>(2,872)</b>	<b>294,147</b>	<b>(5,398)</b>	<b>100,654</b>	<b>1,111,281</b>	<b>24,204</b>	<b>1,135,485</b>

The significant accounting policies and the notes from pages 14 to 61 form an integral part of the financial statements.

## CASH FLOW STATEMENT

For the year ended 31 December

### Cash flow from operating activities

	Bank 2013 B\$'000	2012 B\$'000	Group 2013 B\$'000	2012 B\$'000
Income from financing	136,826	120,899	179,209	158,569
Income/ profit paid to depositors	(16,154)	(11,643)	(20,433)	(16,537)
Receipts on other operating activities	83,029	76,418	96,442	101,636
Cash payments to employees and suppliers	(44,136)	(40,632)	(49,783)	(48,419)
Payments on other operating activities	(28,114)	(23,058)	(37,384)	(33,729)
<i>Cash flows from operating profit before changes in operating assets and liabilities</i>	<b>131,451</b>	<b>121,984</b>	<b>168,051</b>	<b>161,520</b>

### (Increase)/ decrease in operating assets

Balances with Autoriti Monetari Brunei Darussalam	(32,801)	18,970	(33,753)	16,103
Deposits and placements with banks and other financial institutions	(530,421)	(489,576)	(472,481)	(484,515)
Financing and advances	(360,224)	(237,883)	(429,043)	(194,180)
Other assets	2,073	4,083	3,894	5,894
	(921,373)	(704,406)	(931,383)	(656,698)

### (Decrease)/ increase in operating liabilities

Deposits from customers	138,278	(181,820)	99,706	(203,075)
Deposits from banks and other financial institutions	86,093	43,553	(6,068)	117,666
Other liabilities	(16,451)	(8,649)	(16,927)	(15,468)
	207,920	(146,916)	76,711	(100,877)
	(582,002)	(729,338)	(686,621)	(596,055)

### Cash used in operations

Zakat paid	(2,657)	(2,485)	(2,657)	(2,485)
Income tax paid	(27,298)	(15,455)	(32,061)	(19,614)
	(611,957)	(747,278)	(721,339)	(618,154)

### Cash flow from investing activities

Purchase of fixed assets	(10,239)	(6,854)	(11,671)	(10,181)
Disposal of fixed assets	5	40	5	40
Purchase of Government Sukuk	(126,931)	(304,858)	(126,931)	(304,858)
Proceeds from Government Sukuk upon maturity	121,940	323,843	121,940	323,843
Purchase of investments	(158,514)	(29,935)	(146,396)	(135,328)
Disposal of investments	13,168	-	13,168	-
Dividend received	1,172	1,607	1,324	2,593
<i>Net cash used in investing activities</i>	<b>(159,399)</b>	<b>(16,157)</b>	<b>(148,561)</b>	<b>(123,891)</b>

### Cash flow from financing activities

Dividends paid	(23,917)	(34,063)	(25,438)	(34,063)
Issuance of short term financing	94,401	10,000	94,401	10,000
<i>Net cash used in financing activities</i>	<b>70,484</b>	<b>(24,063)</b>	<b>68,963</b>	<b>(24,063)</b>

### Net decrease in cash and cash equivalent

Cash and cash equivalent at 1 January	2,030,590	2,818,088	2,024,136	2,790,244
Cash and cash equivalent at 31 December	<b>1,329,718</b>	<b>2,030,590</b>	<b>1,223,199</b>	<b>2,024,136</b>

### Cash and short-term funds at 31 December

Note 15	2,627,676	2,788,078	2,455,157	2,773,564
Less: Money-at-call and short notice and interbank placements with maturity more than 3 months	(1,297,958)	(757,488)	(1,231,958)	(749,428)

### Cash and cash equivalent at 31 December

	<b>1,329,718</b>	<b>2,030,590</b>	<b>1,223,199</b>	<b>2,024,136</b>
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The significant accounting policies and the notes from page 14 to 61 form an integral part of the financial statements.



## STATEMENT PURSUANT TO SECTION 125 OF THE BRUNEI DARUSSALAM COMPANIES ACT

The consolidated profit for the financial year ended 31 December 2013 as shown in the consolidated financial statements of the Bank includes the share of profit or loss from the following subsidiary companies for the financial year ended 31 December 2013:

- (a) BIBD At-Tamwil Bhd
- (b) BIBD Securities Sdn Bhd
- (c) IDBB Sukuk Inc
- (d) IDBB Management & Services Bhd
- (e) IBB Capital Asset Management Sdn Bhd
- (f) Belait Barakah Sdn Bhd
- (g) BIBD Al-Kauthar Funds DCC Incorporated
- (h) IBB Transport Sdn Bhd
- (i) Saujana Sdn Bhd
- (j) BIBD Global Equity Funds
- (k) BIBD Asia Equity Funds

During the year, no provision or impairment has been made by the Bank for its investments in subsidiary companies. The profits or losses of the subsidiary companies have been taken into account by the directors of the Bank in arriving at the profit of the Group as disclosed in the accounts.

On behalf of the Board of Directors



**Yang Mulia**  
**Dato Paduka Awang Haji Bahrin bin Abdullah**  
Chairman



**Yang Mulia**  
**Javed Ahmad bin Kamil Hasan**  
Managing Director  
Brunei Darussalam

28 March 2014

## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Bank Islam Brunei Darussalam Berhad ("the Bank") is incorporated and domiciled in Negara Brunei Darussalam and the registered office of the Bank is Bangunan BIBD, Lot 159, Jalan Pemancha, Bandar Seri Begawan BS8711, Negara Brunei Darussalam.

The Bank is principally engaged in the provision of Islamic banking business in accordance with Shariah principles as allowed under the Islamic Banking Order, 2008.

The subsidiaries are principally engaged in the provision of Islamic hire-purchase, stockbroking, asset and fund management, leasing and management services. There were no significant changes in these activities during the financial year.

The consolidated financial statements of the Group as at and for the year ended 31 December 2013 comprise the Bank and its subsidiaries (together referred to as "the Group" and individually as "Group entities") and the Group's interest in associates.

### 2. BASIS OF PREPARATION

#### 2.1 Basis of Preparation of the Financial Statements

The financial statements have been prepared in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 ("the Act"), the Islamic Banking Order, 2008 and generally accepted accounting principles in Brunei Darussalam with such modification so as to comply with the Guidelines/Notices issued by the Autoriti Monetari Brunei Darussalam ("AMBD") or issued pursuant to the Islamic Banking Order, 2008 and the Principles of Shariah as approved by the Shariah Advisory Body.

The accounting policies and methods of computation have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Brunei dollars, which is the Bank's functional currency and rounded to the nearest thousand, unless stated otherwise.

#### 2.2 Accounting Convention

The financial statements are prepared in conformity with generally accepted accounting principles and applied consistently on a historical cost basis except as otherwise described in the accounting policies below.

#### 2.3 Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.



## 2. BASIS OF PREPARATION (cont'd)

### 2.3 Significant Accounting Estimates and Judgments (cont'd)

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- (a) Note 6 – Allowance for losses on financing and advances
- (b) Note 3.5.2 (v) and 18 – Valuation of investments

### 2.4 Change in Accounting Policy

In 2013, the Bank changed its accounting policy for measuring its financing income from a cash basis to accrual accounting. The Group believes that recognition of financing income using the accrual concept provides more relevant information on the financial performance of the Group.

The change in accounting policy was applied retrospectively. The effects of adopting the new accounting policy on the balance sheet are disclosed in the following table:

#### Bank

Balance Sheet 1 January 2012	As previously stated B\$'000	Effect of change in accounting policy B\$'000	As restated B\$'000
<b>Assets</b>			
Financing and advances	1,673,332	7,580	1,680,912
Others	4,026,443	-	4,026,443
<b>Total assets</b>	<b>5,699,775</b>	<b>7,580</b>	<b>5,707,355</b>
<b>Liabilities</b>			
Provision for taxation	29,848	1,516	31,364
Others	4,780,203	-	4,780,203
<b>Total liabilities</b>	<b>4,810,051</b>	<b>1,516</b>	<b>4,811,567</b>
<b>Equity</b>			
Statutory reserves fund	133,914	4,548	138,462
Other reserves	31,060	1,516	32,576
Others	724,750	-	724,750
<b>Total equity</b>	<b>889,724</b>	<b>6,064</b>	<b>895,788</b>
<b>Total liabilities and equity</b>	<b>5,699,775</b>	<b>7,580</b>	<b>5,707,355</b>
<b>31 December 2012</b>	<b>As previously stated B\$'000</b>	<b>Effect of change in accounting policy B\$'000</b>	<b>As restated B\$'000</b>
<b>Assets</b>			
Financing and advances	1,895,916	7,725	1,903,641
Others	3,713,163	-	3,713,163
<b>Total assets</b>	<b>5,609,079</b>	<b>7,725</b>	<b>5,616,804</b>
<b>Liabilities</b>			
Provision for taxation	30,162	1,545	31,707
Others	4,623,428	-	4,623,428
<b>Total liabilities</b>	<b>4,653,590</b>	<b>1,545</b>	<b>4,655,135</b>
<b>Equity</b>			
Statutory reserves fund	207,260	4,635	211,895
Other reserves	23,479	1,545	25,024
Others	724,750	-	724,750
<b>Total equity</b>	<b>955,489</b>	<b>6,180</b>	<b>961,669</b>
<b>Total liabilities and equity</b>	<b>5,609,079</b>	<b>7,725</b>	<b>5,616,804</b>



## 2. BASIS OF PREPARATION (cont'd)

### 2.4 Changes in Accounting Policies (cont'd)

#### Group

#### Balance Sheet

1 January 2012	As previously stated B\$'000	Effect of change in accounting policy B\$'000	As restated B\$'000
<b>Assets</b>			
Financing and advances	2,153,265	7,580	2,160,845
Others	3,951,901	-	3,951,901
<b>Total assets</b>	<b>6,105,166</b>	<b>7,580</b>	<b>6,112,746</b>
<b>Liabilities</b>			
Provision for taxation	37,592	1,516	39,108
Others	5,111,038	-	5,111,038
<b>Total liabilities</b>	<b>5,148,630</b>	<b>1,516</b>	<b>5,150,146</b>
<b>Equity</b>			
Statutory reserves fund	153,919	4,548	158,467
Other reserves	60,896	1,516	62,412
Others	741,721	-	741,721
<b>Total equity</b>	<b>956,536</b>	<b>6,064</b>	<b>962,600</b>
<b>Total liabilities and equity</b>	<b>6,105,166</b>	<b>7,580</b>	<b>6,112,746</b>
<b>31 December 2012</b>	<b>As previously stated B\$'000</b>	<b>Effect of change in accounting policy B\$'000</b>	<b>As restated B\$'000</b>
<b>Assets</b>			
Financing and advances	2,330,886	7,725	2,338,611
Others	3,761,746	-	3,761,746
<b>Total assets</b>	<b>6,092,632</b>	<b>7,725</b>	<b>6,100,357</b>
<b>Liabilities</b>			
Provision for taxation	37,906	1,545	39,451
Others	5,008,313	-	5,008,313
<b>Total liabilities</b>	<b>5,046,219</b>	<b>1,545</b>	<b>5,047,764</b>
<b>Equity</b>			
Statutory reserves fund	237,263	4,635	241,898
Other reserves	62,648	1,545	64,193
Others	746,502	-	746,502
<b>Total equity</b>	<b>1,046,413</b>	<b>6,180</b>	<b>1,052,593</b>
<b>Total liabilities and equity</b>	<b>6,092,632</b>	<b>7,725</b>	<b>6,100,357</b>

The change in accounting policy had an immaterial impact on the income statement and earnings per share of the Bank and the Group for the current and comparative periods.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in this financial statements, and have been applied consistently by Group entities, except as explained in Note 2.4, which addresses the change in accounting policy.

### 3.1 Basis of Consolidation

- The Group financial statements include the consolidated results, assets and liabilities of the Bank and its subsidiaries made up to their respective financial year ends. The interests of outside shareholders of the subsidiaries in the net assets, and their proportionate share of the results are grouped separately in the Consolidated Balance Sheet and Income Statement respectively, under the heading minority interests. The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

### ii. Business Combination

Business combinations are accounted for under the acquisition method. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at date of acquisition. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition represents goodwill.

### iii. Subsidiaries

Subsidiaries are entities controlled by the Group and are fully consolidated from the date on which control is transferred to the Group until the date that control ceases. Control is achieved when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate.

### iv. Investment in associate

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

In the financial statements of the Group, investments in associates are accounted for using the equity method of accounting. Under the equity method of accounting, the Group's share of profits and losses of the associates is accounted for in the consolidated income statement for the year. The carrying value of the investment in the consolidated balance sheet is thereby increased or decreased to recognise the Group's share of retained profits of the investee companies since the date of acquisition.



### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.1 Basis of Consolidation (cont'd)

##### v. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

##### vi. Accounting of investment in subsidiaries and associates

Investment in subsidiaries and associates are stated in the Bank's balance sheet at cost less accumulated impairment losses.

#### 3.2 Foreign Currencies

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the rate of exchange at the balance sheet date and differences arising on retranslation are recognised in the income statement.

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

#### 3.3 Zakat

This represents tithes payable by the Group to comply with the principles of Shariah and as approved by the Shariah Advisory Board.

#### 3.4 Taxation

Income tax expense comprises current and deferred tax. Current tax is directly recognised in the income statement except to the extent that it relates to a business combination, or items recognised in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provision for taxation is made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of the Income Tax Act (Chapter 35) and amendments thereto.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.4 Taxation (cont'd)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences will be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 3.5 Assets And Bases Of Their Valuation

##### 3.5.1 Financing to Customers

Financing to customers are stated in the balance sheet net of allowance for possible financing losses and also net of income which is not accrued to revenue.

Financing, advances and other receivables are recognised when cash is disbursed to customers. These are initially measured at cost including any direct transaction costs and are subsequently measured at cost less any allowances for losses.

Allowances for possible financing losses are based on the Guidelines/Notices issued by the AMBD or issued pursuant to the Islamic Banking Order, 2008 effective from 12 January 2010 and also based on a continuous review of all financing and advances. Specific allowances relate to identified bad and doubtful financing. General allowance is based on percentage of the financing and advances and the percentage is reviewed annually and adjustment is made to the overall general allowances, if necessary.

Any uncollectible financing or a portion of financing classified as non-performing is written-off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

##### 3.5.2 Investment securities

The investment securities of the Group and the Bank are categorised based on the following categories and their measurement bases:

##### i. Investment securities at fair value through profit or loss

Securities are classified as investment securities at fair value through profit or loss if they are acquired or incurred principally for the purpose of selling or repurchasing in the near terms or they are part of a portfolio of identified securities that are managed together or for which there is evidence of recent actual pattern of short-term profit taking.

Securities classified as investment securities at fair value through profit or loss are measured at fair value. Any gain or loss arising from a change in their values are recognised in the income statement.



### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.5 Assets And Bases Of Their Valuation (cont'd)

##### 3.5.2 Investment securities (cont'd)

###### ii. Investment securities held-to-maturity

Investment in securities held-to-maturity is for investment in securities with fixed or determinable payments and fixed maturity that the Group and the Bank have the positive intention and ability to hold to maturity.

These investments will be measured at amortised cost using the effective profit rate, less allowance for impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition. The amortisation is recognised in the income statement.

###### iii. Available-for-sale investment securities

Available-for-sale investments are those which are designated as such or do not qualify to be designated as loans and receivables, securities at fair value through profit or loss or held to maturity. They include equity instruments, investment in funds and money market, and debt instruments.

After initial measurement, available-for-sale investments are subsequently measured at fair value. Unrealised gain or loss are recognised directly in equity in the "available-for-sale reserve".

When the investment is disposed, the cumulative gain or loss previously recognised in equity is recognised in the income statement. Where the Group and the Bank hold more than one investment in the same security they are deemed to be disposed of on a first-in-first-out basis.

Profit earned whilst holding available-for-sale investments is reported as income. Dividends earned are recognised in the income statement when the right of the payment is established.

###### iv. Impairment of investment securities

Investment securities not carried at fair value through profit or loss are assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. An investment security is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that investment securities (including equity securities) are impaired can include default or delinquency by the issuer, restructuring of an amount due on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.5 Assets And Bases Of Their Valuation (cont'd)

##### 3.5.2 Investment securities (cont'd)

###### iv. Impairment of investment securities (cont'd)

###### Investment securities held-to-maturity

Impairment loss for investments held-to-maturity is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

###### Available-for-sale investment securities

The losses arising from impairment of such investments are recognised in the income statement and removed from the available-for-sale reserve. The cumulative loss that is reclassified from equity to the income statement is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in the income statement.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in the income statement, then the impairment loss is reversed, with the amount of the reversal recognised in the income statement. Any increase in value above the original cost would not be taken into the income statement but recognised in equity. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in equity.

###### v. Determination of fair value

The fair value for investments in securities traded in active markets is based on quoted market prices or dealer price quotation at the balance sheet date.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable exist, option pricing models and other valuation models.

##### 3.5.3 Placements and balances with banks and other financial institutions

Placements and balances with banks and other financial institutions are stated at cost, after deduction of impairment losses, if any.

##### 3.5.4 Fixed assets

###### i. Recognition and measurement

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost of fixed assets includes expenditure that is directly attributable to the acquisition of the assets.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

The gain or loss on disposal of fixed assets is determined by comparing the proceeds from disposal with the carrying amount of the fixed assets, and are recognised net in the income statement as incurred.



### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.5 Assets And Bases Of Their Valuation (cont'd)

##### 3.5.4 Fixed assets (cont'd)

##### ii. Subsequent costs

The cost of replacing part of the fixed assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of fixed assets are recognised in the income statement as incurred.

##### iii. Depreciation

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

Leasehold land and building	Over the lease term and not more than 10 years
Equipment, furniture & fittings	3 – 5 years
Motor vehicles	7 years
Ship vessel	20 years

Fully depreciated assets are retained in the records until they are disposed off. On disposal of a fixed asset, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

No depreciation is provided for fixed asset work-in-progress, which relates to the purchased IT systems and software in the process of being implemented.

##### 3.5.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and other financial institutions and money-at-call and short notice and interbank placements with remaining maturity not exceeding three months.

##### 3.5.6 Investment Property

Investment property is carried at cost less accumulated depreciation and impairment loss. Buildings are depreciated over the period of the lease and not more than 50 years and the leasehold improvements are depreciated over 10 years.

#### 3.6 Liabilities and Provisions

##### 3.6.1 Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

##### 3.6.2 Liabilities

Deposits from customers as well as deposits and placement of banks and financial institutions are stated at placement values. Other liabilities are stated at cost which is the fair value of the amounts expected to be paid in future for the goods and services received or to extinguish the liability.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.6 Liabilities and Provisions (cont'd)

##### 3.6.3 Commitments and Contingencies

All discernible risks are accounted for in determining the amount of other liabilities.

##### 3.6.4 Employee Benefits

##### i. Short term employee benefits

Wages, salaries, bonuses and allowances are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

##### ii. Defined contribution plans

The Group contributes to the Tabung Amanah Pekerja ("TAP") and the Supplemental Contributory Pension scheme ("SCP"), both defined contribution plans regulated and managed by the Government of Negara Brunei Darussalam, which applies to the majority of the employees. Obligations for contributions to defined contribution plans are recognised as an employee benefits expense in income statement in the period during which related services are rendered by employees.

##### iii. Pensions and Retirement benefits

The Bank also operates an Employee Retirement Fund ("ERF") with monthly contributions made to the pension fund based on a percentage of the gross emoluments excluding certain allowances. The Bank matches employees' contribution up to a maximum of 12% (inclusive of TAP contribution) of contribution made by the employee. The contributions to TAP, SCP and ERF are charged to the income statement in the period to which the contributions relate.

#### 3.7 Hedge Accounting

The Bank enters into foreign exchange forwards and swaps for hedging its foreign currency exposures. To qualify as a hedge accounting, the derivative must effectively reduce foreign exchange risk of an asset or liability to which it is linked and be designated as an accounting hedge at inception of the derivative contract. Accordingly, changes in the market value of the derivative must be highly correlated with changes in the fair value of the underlying hedged item at inception of the hedge and over the life of the hedge contract. If these criteria are met, the derivative is accounted for on the same basis as the underlying hedged item and the forward points of the derivative, which is the difference between the spot rates on the inception of the foreign exchange forwards or swaps and the forward contracted rate, will be amortised in the income statement.

Derivatives that do not qualify as accounting hedges at inception are marked to market on the date of the balance sheet. Unrealised losses are recognised in the Income Statement whereas unrealised gains are deferred on the balance sheet. Such treatment is to comply with the Appendix II of the Prescribed Audited Accounts and Statements Format For Reporting to Authorities issued to Licensed Islamic Banks by the AMBD.



### 3.8 Income Statement

#### 3.8.1 Income Recognition

Income recognition policy for each major type of income earned, include the following:

##### i. Financing Income

Financing income is recognised on an accrual basis by the Group.

##### ii. Fees and commission income

Fee and commission income relating to financing, guarantees and trade financing are recognised over the period during which the related services are provided or credit/financing risks are undertaken.

##### iii. Income from deposits and investments

Income from deposit placements and investments are recognised on an accrual basis.

##### iv. Dividend income

Dividends from equity are recorded during the financial year in which they are declared payable.

##### v. Income derived from investment of depositors' funds and others and from shareholders' funds

Generally, income is allocated to income derived from depositors' funds and income derived from shareholders' funds based on the relative monthly balance of depositors' funds and shareholders' funds.

Income that is directly related to depositors' funds or shareholders' fund is allocated to the respective funds.

#### 3.8.2 Income attributable to depositors

Income attributable to depositors are expensed as incurred on an accrual basis.

#### 3.8.3 Accounting for lease expenses

Operating lease expenses are recognised in the income statement on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

### 4. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
		(Restated) <sup>(1)</sup>		(Restated) <sup>(1)</sup>
Finance income and hibah (discretionary)	152,670	134,626	188,642	165,404
Other operating income	37,064	53,202	38,275	54,429
	189,734	187,828	226,917	219,833

<sup>(1)</sup> Refer to Note 2.4

### 5. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
		(Restated) <sup>(1)</sup>		(Restated) <sup>(1)</sup>
Finance income and hibah (discretionary)	30,046	28,653	36,902	35,901
Other operating income	7,366	8,161	18,197	20,175
	37,412	36,814	55,099	56,076

<sup>(1)</sup> Refer to Note 2.4

### 6. ALLOWANCE FOR LOSSES ON FINANCING AND ADVANCES

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
General allowance	(5,657)	(2,048)	(6,321)	(2,481)
Specific allowance	(5,944)	(2,493)	(7,531)	(3,320)
Total	(11,601)	(4,541)	(13,852)	(5,801)



**7. INCOME ATTRIBUTABLE TO DEPOSITORS**

	<b>Bank</b>		<b>Group</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
Deposits from customers				
- Mudharabah	<b>268</b>	607	<b>268</b>	607
- Non-Mudharabah	<b>14,367</b>	12,373	<b>17,241</b>	15,677
Sub-total	<b>14,635</b>	12,980	<b>17,509</b>	16,284
Deposits and placements from banks and other financial institutions				
- Mudharabah	-	1	-	1
- Non-Mudharabah	<b>1,519</b>	880	<b>2,924</b>	2,715
Sub-total	<b>1,519</b>	881	<b>2,924</b>	2,716
Total	<b>16,154</b>	13,861	<b>20,433</b>	19,000

**8. PERSONNEL EXPENSES**

	<b>Bank</b>		<b>Group</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
Salaries and wages	<b>27,715</b>	25,472	30,998	28,379
Allowance and bonuses	<b>11,985</b>	13,194	<b>13,316</b>	14,404
Others	<b>4,396</b>	4,609	<b>9,119</b>	8,612
Total	<b>44,096</b>	43,275	<b>53,433</b>	51,395

**a. Directors' remuneration**

Included in personnel expenses are:

	<b>Bank</b>		<b>Group</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
Directors' fees and other remuneration	<b>225</b>	232	<b>225</b>	232
Managing Director's salary and other remuneration	<b>444</b>	349	<b>444</b>	349
Shariah Committee Members' remuneration	<b>123</b>	126	<b>123</b>	126
Withholding tax	<b>141</b>	26	<b>141</b>	26
Total	<b>933</b>	733	<b>933</b>	733

**9. OTHER OVERHEAD EXPENSES**

	<b>Bank</b>		<b>Group</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
<b>Promotion</b>				
Advertisement and publicity	<b>2,132</b>	1,864	<b>2,748</b>	2,624
<b>Operational</b>				
Rental	<b>4,573</b>	2,906	<b>4,768</b>	3,093
Depreciation	<b>9,491</b>	9,402	<b>12,285</b>	11,756
Electronic data processing expenses	<b>4,287</b>	2,948	<b>4,732</b>	3,549
Hire of equipment	<b>139</b>	62	<b>139</b>	62
Sales subsidies	<b>1,466</b>	3,049	<b>1,466</b>	3,049
Office expenses	<b>5,630</b>	5,542	<b>5,630</b>	5,895
<b>General expenses</b>				
Management fees	-	-	<b>656</b>	291
Auditors' fees				
- Statutory audit				
- Current year	<b>323</b>	309	<b>384</b>	339
- Non-audit services	<b>348</b>	10	<b>349</b>	21
Professional fees	<b>1,283</b>	(30)	<b>1,329</b>	9
Provision for claims	<b>332</b>	5,864	<b>332</b>	5,864
Others	<b>7,601</b>	6,393	<b>11,159</b>	11,528
Total	<b>37,605</b>	38,319	<b>45,977</b>	48,080

**10. FINANCE COST**

	<b>Bank</b>		<b>Group</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>	<b>B\$'000</b>
Short term financing	<b>2</b>	3	<b>2</b>	3
Total	<b>2</b>	3	<b>2</b>	3

## 11. ZAKAT

### a. Recognised in the income statement

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
Current zakat provision	2,859	2,657	2,859	2,657
Overprovision in prior year	-	(4)	(2,424)	(4)
<b>Total</b>	<b>2,859</b>	<b>2,653</b>	<b>435</b>	<b>2,653</b>

The amount of zakat is calculated based on the net profit before income tax and is payable by the Bank and its subsidiaries to comply with the principles of Shariah.

### b. Zakat liabilities

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
Zakat	2,859	2,657	2,859	5,081
<b>Total</b>	<b>2,859</b>	<b>2,657</b>	<b>2,859</b>	<b>5,081</b>

## 12. TAXATION

### a. Recognised in the income statement

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
		(Restated) <sup>(1)</sup>		(Restated) <sup>(1)</sup>
<b>Current tax expense</b>				
Current year	21,702	21,587	28,038	25,744
Under / (Over) provision for prior years	2,626	(5,789)	134	(5,789)
	<b>24,328</b>	<b>15,798</b>	<b>28,172</b>	<b>19,955</b>
<b>Deferred tax expense</b>				
Origination and reversal of temporary difference	1,058	3,182	1,058	5,183
Reduction in tax rate	-	291	-	291
(Over) / Under provision for prior years	(1,760)	4,370	(1,760)	4,370
<b>Total</b>	<b>23,626</b>	<b>23,641</b>	<b>27,470</b>	<b>29,799</b>

<sup>(1)</sup> Refer to Note 2.4

## 12. TAXATION (cont'd)

### b. Provision for taxation

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
		(Restated) <sup>(1)</sup>		(Restated) <sup>(1)</sup>
Current tax liabilities	28,737	31,707	35,199	39,451
<b>Total</b>	<b>28,737</b>	<b>31,707</b>	<b>35,199</b>	<b>39,451</b>

### c. Reconciliation of effective tax rate

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
		(Restated) <sup>(1)</sup>		(Restated) <sup>(1)</sup>
Profit before zakat and taxation	111,363	124,204	141,914	151,144
Income tax using the domestic corporation tax rate of 20% (2012: 20%)	22,273	24,841	28,383	30,229
Tax effect of reduction in tax rate	-	291	-	291
Tax effect of non-taxable revenue / non-deductible expenses	517	(42)	773	758
Under / (Over) provision in prior years	866	(1,419)	(1,626)	(1,419)
Others	(30)	(30)	(60)	(60)
<b>Total</b>	<b>23,626</b>	<b>23,641</b>	<b>27,470</b>	<b>29,799</b>

<sup>(1)</sup> Refer to Note 2.4



### 13. DIVIDEND PER ORDINARY SHARE

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
<b>On ordinary shares</b>				
Net dividend paid to ordinary shareholders	23,917	34,063	23,917	34,063
<b>Total Dividend</b>	<b>23,917</b>	<b>34,063</b>	<b>23,917</b>	<b>34,063</b>

	2013		2012	
	Gross per share	Dividend net of tax	Gross per share	Dividend net of tax
	B\$	B\$'000	B\$	B\$'000
<b>Authorised:</b>				
Final dividends paid	0.033	23,917	0.047	34,063

At the Annual General Meeting on 21 June 2013, a final dividend in respect of financial year ended 31 December 2012 of B\$0.033 on 724,749,513 number of ordinary shares, amounting to B\$23,916,734 was approved by shareholders and was paid on 19 July 2013.

### 14. EARNINGS PER SHARE

#### Basic Earnings per Share ("EPS")

The basic earnings per share of the Bank and the Group has been calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of ordinary shares on issue during the financial year, taking into consideration Treasury shares.

	Bank		Group	
	2013	2012	2013	2012
	(Restated)	(1)	(Restated)	(1)
Profit for the year attributable to equity holders of the Bank (B\$'000)	84,878	97,910	112,531	117,883
Weighted average number of ordinary shares in issue ('000)	724,750	724,750	721,878	724,750
Basic EPS (B\$)	0.12	0.14	0.16	0.16

<sup>(1)</sup> Refer to Note 2.4

#### Diluted Earnings per Share

The calculation of diluted earnings per share as at balance sheet date was based on the profit attributable to equity holders of the Bank divided by the weighted average number of ordinary shares on issue as at balance sheet date, after adjusting for the effects of all diluted potential ordinary shares.

The diluted earnings per share is the same as basic earnings per share during the year.

## 15. CASH AND SHORT TERM FUNDS

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
Cash in hand	56,960	46,110	57,179	46,329
Short-term liquidity	2,570,716	2,741,968	2,397,978	2,727,235
<b>Total</b>	<b>2,627,676</b>	<b>2,788,078</b>	<b>2,455,157</b>	<b>2,773,564</b>

## 16. BALANCES WITH AUTORITI MONETARI BRUNEI DARUSSALAM

As required by the provisions of Section 45 of the Islamic Banking Order, 2008 and Section 13A of the Finance Companies Act, a cash balance is maintained with the AMBD. At present, the minimum cash reserve requirement is 6% of the weighted average deposit liabilities as defined by the AMBD.

## 17. GOVERNMENT SUKUK

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
<b>Held-to-maturity Government Sukuk</b>				
Maturity less than one year	27,986	22,995	27,986	22,995
<b>Total</b>	<b>27,986</b>	<b>22,995</b>	<b>27,986</b>	<b>22,995</b>

## 18. INVESTMENTS

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
Investments at fair value through profit or loss	19,235	18,389	22,419	37,590
Available-for-sale investments	155,494	66,710	147,233	58,376
Held-to-maturity investments	521,524	460,492	521,524	460,492
<b>Total</b>	<b>696,253</b>	<b>545,591</b>	<b>691,176</b>	<b>556,458</b>

## 19. FINANCING AND ADVANCES

### 19.1 By type

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
		(Restated) <sup>(1)</sup>		(Restated) <sup>(1)</sup>
Cash line/ Naqd (overdrafts)	94,207	73,683	94,207	73,683
Term financing	2,567,160	2,212,646	3,256,200	2,824,690
Bills receivable	178,966	135,873	178,966	135,873
Others	144,126	141,127	144,126	141,128
<b>Gross financing and advances</b>	<b>2,984,459</b>	<b>2,563,329</b>	<b>3,673,499</b>	<b>3,175,374</b>
Less: Unearned income	(594,646)	(501,202)	(774,772)	(672,165)
	<b>2,389,813</b>	<b>2,062,127</b>	<b>2,898,727</b>	<b>2,503,209</b>
Less: Allowances for losses on financing and advances				
- General	(35,794)	(30,137)	(40,850)	(34,529)
- Specific	(91,868)	(128,349)	(94,189)	(130,069)
<b>Net financing and advances</b>	<b>2,262,151</b>	<b>1,903,641</b>	<b>2,763,688</b>	<b>2,338,611</b>

### 19.2 By contract

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
		(Restated) <sup>(1)</sup>		(Restated) <sup>(1)</sup>
Al-Kafalah bil Mal dan Al-Bai (financial guarantee and sale)	5,935	5,059	5,935	5,059
Al-Wakalah bil Ujrah (paid agency)	40,913	38,900	40,913	38,900
Bai' Bithaman Ajil (deferred payment sale)	1,595,242	1,529,482	1,595,242	1,529,482
Ijarah (lease)	149,269	98,325	149,269	98,325
Ijarah Muntahia Bittamlik / AITAB (lease ended with ownership)	985	3,506	512,220	452,158
Murabahah (cost-plus)	307,457	347,720	305,136	340,148
Musharakah (profit and loss sharing)	23,687	15,389	23,687	15,389
Qard (benevolent loan)	1,837	1,851	1,837	1,851
Tawarruq (monetization)	246,807	-	246,807	-
Others	17,681	21,895	17,681	21,897
<b>Total</b>	<b>2,389,813</b>	<b>2,062,127</b>	<b>2,898,727</b>	<b>2,503,209</b>

<sup>(1)</sup> Refer to Note 2.4



## 19. FINANCING AND ADVANCES (cont'd)

### 19.3 By sector

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
		(Restated) <sup>(1)</sup>		(Restated) <sup>(1)</sup>
Agricultural	18,042	8,853	18,042	8,853
Financial	82,321	131,142	82,321	131,142
Manufacturing	246,059	174,027	246,059	174,027
Transportation	265,251	173,412	262,501	164,851
Infrastructure	82,276	84,117	82,276	84,117
Traders	75,777	50,991	75,777	50,991
Services	75,563	51,845	75,563	51,845
Residential Property (Personal)	442,410	343,316	442,410	343,316
Commercial (Property Development)	128,039	133,658	128,039	133,658
Tourism	36,712	55,644	36,712	55,644
Telecommunication and Information Technology	15,726	11,972	15,726	11,972
Personal and Consumption Financing	921,637	843,150	1,433,301	1,292,793
<b>Total</b>	<b>2,389,813</b>	<b>2,062,127</b>	<b>2,898,727</b>	<b>2,503,209</b>

<sup>(1)</sup> Refer to Note 2.4

## 20. NON-PERFORMING FINANCING

### 20.1 Movements in the non-performing financing and advances

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
Opening balance	181,303	205,688	183,113	207,357
Classified during the period	33,729	22,906	35,135	23,924
Reclassified as performing	(611)	(664)	(888)	(854)
Amount recovered	(16,936)	(11,728)	(17,007)	(11,817)
Amount written off against allowances	(40,357)	(34,899)	(40,774)	(35,497)
<b>Closing balance</b>	<b>157,128</b>	<b>181,303</b>	<b>159,579</b>	<b>183,113</b>

## 20. NON-PERFORMING FINANCING (cont'd)

### 20.2 Non-performing financing by sector

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
Agricultural	3,369	3,034	3,369	3,034
Manufacturing	3,509	9,687	3,509	9,687
Transportation	256	319	256	319
Infrastructure	19,709	5,423	19,709	5,423
Traders	3,932	3,814	3,932	3,814
Services	4,387	8,261	4,387	8,261
Residential Property (Personal)	27,221	29,097	27,221	29,097
Commercial (Property Development)	37,187	43,245	37,187	43,245
Tourism	30,488	52,017	30,488	52,017
Telecommunication and Information Technology	804	2,954	804	2,954
Personal and Consumption Financing	26,266	23,452	28,717	25,262
<b>Total</b>	<b>157,128</b>	<b>181,303</b>	<b>159,579</b>	<b>183,113</b>

### 20.3 Non-performing financing included in financing and advances on which profit is not being accrued are as follows:

#### a. Amount

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
Financing and advances	191,850	234,492	195,236	236,950
Naqd (Overdrafts)	8,939	8,861	8,939	8,861
<b>Gross amount</b>	<b>200,789</b>	<b>243,353</b>	<b>204,175</b>	<b>245,811</b>
Less: Unearned income	(43,661)	(62,050)	(44,596)	(62,698)
	157,128	181,303	159,579	183,113
Less: Allowances for losses on financing and advances				
- Specific	(85,600)	(103,279)	(87,797)	(103,538)
<b>Net amount</b>	<b>71,528</b>	<b>78,024</b>	<b>71,782</b>	<b>79,575</b>

**20. NON-PERFORMING FINANCING (cont'd)**

**20.3 Non-performing financing included in financing and advances on which profit is not being accrued are as follows:**

**b. Ratio**

	Bank		Group	
	2013	2012	2013	2012
	%	%	%	%
Gross non-performing ratio	6.6	8.8	5.5	7.3
Net non-performing ratio	3.2	4.1	2.6	3.4

Gross non-performing ratio is the amount of non-performing financing and advances before deduction of allowances for losses divided by the total amount of financing and advances before deduction of allowances for losses.

Net non-performing ratio is the amount of non-performing financing and advances after deductions of allowances for losses divided by the total amount of financing and advances after deductions of allowances for losses.

**20.4 Movements in the allowances for losses on financing and advances**

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
<b>General allowance</b>				
Opening balance	30,137	28,089	34,529	32,048
Net movement during the year	5,657	2,048	6,321	2,481
<b>Closing balance</b>	<b>35,794</b>	<b>30,137</b>	<b>40,850</b>	<b>34,529</b>
<b>Specific allowance</b>				
Opening balance	128,349	160,755	130,069	162,246
Net movement during the year	(36,481)	(32,406)	(35,880)	(32,177)
<b>Closing balance</b>	<b>91,868</b>	<b>128,349</b>	<b>94,189</b>	<b>130,069</b>

**20.5 Analysis of allowance for losses on financing and advances and unearned income on non-performing financing**

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
<b>Specific allowance</b>				
Financing and advances	79,791	96,990	81,988	97,249
Naqd (Overdrafts)	5,809	6,289	5,809	6,289
<b>Total</b>	<b>85,600</b>	<b>103,279</b>	<b>87,797</b>	<b>103,538</b>
<b>Unearned income</b>				
Financing and advances	43,474	61,736	44,409	62,384
Naqd (Overdrafts)	187	314	187	314
<b>Total</b>	<b>43,661</b>	<b>62,050</b>	<b>44,596</b>	<b>62,698</b>



## 21. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

### 21.1 Investment in subsidiaries

Name of company	Principal activity	Bank			
		2013		2012	
		Cost B\$'000	Holding %	Cost B\$'000	Holding %
Unquoted:					
BIBD At-Tamwil Bhd	Lease financing	20,000	100	20,000	100
BIBD Securities Sdn Bhd	Stockbrokers/ sharebrokers	841	100	841	100
IDBB Sukuk Inc.	Islamic financing arrangement (Dormant)	65	100	65	100
IDBB Management & Services Bhd	Management services	- *	100	- *	100
IBB Capital Asset Management Sdn Bhd	Fund management (Dormant)	498	100	498	100
Belait Barakah Sdn Bhd	Vessel leasing	5,078	50	5,078	50
BIBD Al-Kauthar Funds DCC incorporated	Fund management	1	100	1	100
IBB Transport Sdn Bhd	Vehicle leasing (Dormant)	- *	100	- *	100
Saujana Sdn Bhd	Aircraft leasing (Dormant)	- *	53	- *	53
Total		26,483		26,483	

\* Less than B\$1,000

## 21. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (cont'd)

### 21.2 Investment in an associate

Name of company	Principal activity	Bank			
		2013		2012	
		Cost B\$'000	Holding %	Cost B\$'000	Holding %
Unquoted:					
Syarikat Takaful Brunei Darussalam	Family and general takaful businesses	7,080	31	7,080	31
Total		7,080		7,080	

## 22. GROUP BALANCES RECEIVABLE

Name of the company	Bank		Group	
	2013 B\$'000	2012 B\$'000	2013 B\$'000	2012 B\$'000
BIBD At-Tamwil Bhd	-	38	-	-
Belait Barakah Sdn Bhd	131	131	-	-
IBB Transport Sdn Bhd	13	13	-	-
BIBD Securities Sdn Bhd	2	2	-	-
Saujana Sdn Bhd	6	6	-	-
<b>Total</b>	<b>152</b>	<b>190</b>	<b>-</b>	<b>-</b>

**23. FIXED ASSETS**

**Bank  
2013**

	Leasehold land and building B\$'000	Equipment, furniture and fittings B\$'000	Motor vehicles B\$'000	Work - In - Progress B\$'000	Total B\$'000
<b>Cost</b>					
At beginning of the year	21,681	51,039	749	6,813	80,282
Additions	345	2,668	-	7,227	10,240
Disposals	-	(21)	-	-	(21)
Transfers	2,447	6,965	-	(9,412)	-
As at end of the year	24,473	60,651	749	4,628	90,501
<b>Accumulated depreciation</b>					
At beginning of the year	18,647	30,408	395	-	49,450
Charge for the year	729	8,171	75	-	8,975
Disposals during the year	-	(21)	-	-	(21)
As at end of the year	19,376	38,558	470	-	58,404
<b>Net book value as at 31 December 2013</b>	<b>5,097</b>	<b>22,093</b>	<b>279</b>	<b>4,628</b>	<b>32,097</b>
Net book value as at 31 December 2012	3,034	20,631	354	6,813	30,832

**2012**

	Leasehold land and building B\$'000	Equipment, furniture and fittings B\$'000	Motor vehicles B\$'000	Work - In - Progress B\$'000	Total B\$'000
<b>Cost</b>					
At beginning of the year	20,271	45,367	631	7,209	73,478
Additions	1,410	3,043	168	2,233	6,854
Disposals	-	-	(50)	-	(50)
Transfers	-	2,629	-	(2,629)	-
As at end of the year	21,681	51,039	749	6,813	80,282
<b>Accumulated depreciation</b>					
At beginning of the year	15,685	24,293	348	-	40,326
Charge for the year	2,962	6,115	95	-	9,172
Disposals during the year	-	-	(48)	-	(48)
As at end of the year	18,647	30,408	395	-	49,450
<b>Net book value as at 31 December 2012</b>	<b>3,034</b>	<b>20,631</b>	<b>354</b>	<b>6,813</b>	<b>30,832</b>
Net book value as at 31 December 2011	4,586	21,074	283	7,209	33,152

**23. FIXED ASSETS (cont'd)**

**Group  
2013**

	Leasehold land and building B\$'000	Equipment, furniture and fittings B\$'000	Motor vehicles B\$'000	Ship vessel B\$'000	Work - In - Progress B\$'000	Total B\$'000
<b>Cost</b>						
At beginning of the year	22,997	57,547	744	36,052	6,813	124,153
Additions	365	3,368	-	711	7,227	11,671
Disposals	-	(73)	-	-	-	(73)
Transfers	2,447	6,965	-	-	(9,412)	-
At end of the year	25,809	67,807	744	36,763	4,628	135,751
<b>Accumulated depreciation</b>						
At beginning of the year	19,159	32,423	391	6,023	-	57,996
Charge for the year	884	9,090	75	1,718	-	11,767
Disposals during the year	-	(73)	-	-	-	(73)
At end of the year	20,043	41,440	466	7,741	-	69,690

**Net book value as at**

<b>31 December 2013</b>	<b>5,766</b>	<b>26,367</b>	<b>278</b>	<b>29,022</b>	<b>4,628</b>	<b>66,061</b>
Net book value as at 31 December 2012	3,838	25,124	353	30,029	6,813	66,157

**2012**

	Leasehold land and building B\$'000	Equipment, furniture and fittings B\$'000	Motor vehicles B\$'000	Ship vessel B\$'000	Work - In - Progress B\$'000	Total B\$'000
<b>Cost</b>						
At beginning of the year	21,461	48,675	626	36,052	7,209	114,023
Additions	1,536	6,244	168	-	2,233	10,181
Disposals	-	(1)	(50)	-	-	(51)
Transfers	-	2,629	-	-	(2,629)	-
At end of the year	22,997	57,547	744	36,052	6,813	124,153
<b>Accumulated depreciation</b>						
At beginning of the year	16,048	25,681	344	4,447	-	46,520
Charge for the year	3,111	6,743	95	1,576	-	11,525
Disposals during the year	-	(1)	(48)	-	-	(49)
At end of the year	19,159	32,423	391	6,023	-	57,996

**Net book value as at**

<b>31 December 2012</b>	<b>3,838</b>	<b>25,124</b>	<b>353</b>	<b>30,029</b>	<b>6,813</b>	<b>66,157</b>
Net book value as at 31 December 2011	5,413	22,994	282	31,605	7,209	67,503



## 24. OTHER ASSETS

		Bank		Group	
		2013 B\$'000	2012 B\$'000	2013 B\$'000	2012 B\$'000
Investment property	Note 24.1	15,408	15,654	15,408	15,654
Receivables and prepayments		8,970	12,524	26,622	32,027
Accrued income		10,238	8,100	10,152	8,065
Bills receivable		31	30	31	30
Others		5,678	5,232	5,797	5,357
<b>Total</b>		<b>40,325</b>	<b>41,540</b>	<b>58,010</b>	<b>61,133</b>

### 24.1 Investment property

	Bank		Group	
	2013 B\$'000	2012 B\$'000	2013 B\$'000	2012 B\$'000
<b>Cost</b>				
At beginning of the year	31,566	24,537	31,566	24,537
Additions	270	7,029	270	7,029
<b>As at year end</b>	<b>31,836</b>	<b>31,566</b>	<b>31,836</b>	<b>31,566</b>

### Accumulated provision

At beginning and end of the year	15,681	15,681	15,681	15,681
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### Accumulated depreciation

At beginning of the year	231	-	231	-
Charge for the year	516	231	516	231
<b>As at year end</b>	<b>747</b>	<b>231</b>	<b>747</b>	<b>231</b>

<b>Net book value</b>	<b>15,408</b>	<b>15,654</b>	<b>15,408</b>	<b>15,654</b>
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In 2011, the bank entered into a lease agreement with a customer pursuant to which the Bank was granted rights to the lease with a remaining term of 47 years in consideration of the Bank agreeing to waive its right to repayment of a financing extended to the customer. Consequent to the agreement, the Bank recorded its interest in the investment property based on the carrying amount of the outstanding financing amount as at the date of the agreement. This amount also approximated the fair value of the investment property interest at that date.

The specific allowance on the financing of B\$15.7 million was retained on the balance sheet. Such treatment is to comply with the MOF Guidelines No 1/2010, Section 6.2, which states that write-back of specific provision is not allowed upon acquisition of properties in satisfaction of financing. The non-performing financing ("NPF") status and the provision made will remain until the property is sold and the sale proceeds applied in liquidation of the NPF.

## 25. DEPOSITS FROM CUSTOMERS

### By type of deposit

	Bank		Group	
	2013 B\$'000	2012 B\$'000	2013 B\$'000	2012 B\$'000
<b>Non-Mudharabah</b>				
Demand deposits				
- Bai' Bithaman Ajil ( <i>sale with deferred payment</i> )	-	-	162,330	192,716
- Al-Wakalah ( <i>agency</i> )	205,357	24,500	205,357	24,500
- Al-Wadiah ( <i>safe keeping</i> )	526,634	606,607	511,799	605,326
Savings deposits				
- Al-Wakalah ( <i>agency</i> )	32,082	10,490	32,082	10,490
- Al-Wadiah ( <i>safe keeping</i> )	578,044	566,316	644,408	566,316
General investment deposits				
- Bai' Bithaman Ajil ( <i>sale with deferred payment</i> )	202,850	388,680	202,850	388,680
- Al-Wakalah ( <i>agency</i> )	367,736	176,442	367,736	176,442
- Al-Wadiah ( <i>safe keeping</i> )	2,198,985	2,133,623	2,198,985	2,194,619
<b>Sub total</b>	<b>4,111,688</b>	<b>3,906,658</b>	<b>4,325,547</b>	<b>4,159,089</b>

### Mudharabah (*profit sharing*)

Demand deposits	137,421	169,043	137,421	169,043
Savings deposits	120,054	141,634	120,054	141,634
<b>Sub total</b>	<b>257,475</b>	<b>310,677</b>	<b>257,475</b>	<b>310,677</b>
<b>Total</b>	<b>4,369,163</b>	<b>4,217,335</b>	<b>4,583,022</b>	<b>4,469,766</b>

### By type of customer

	Bank		Group	
	2013 B\$'000	2012 B\$'000	2013 B\$'000	2012 B\$'000
Government and statutory bodies	1,184,535	1,379,496	1,184,535	1,379,496
Business enterprises	1,924,811	1,655,628	1,982,631	1,747,842
Individuals	1,259,817	1,182,211	1,411,856	1,338,861
Others	-	-	4,000	3,567
<b>Total</b>	<b>4,369,163</b>	<b>4,217,335</b>	<b>4,583,022</b>	<b>4,469,766</b>

## 26. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
<b>Non-Mudharabah</b>				
Deposits from licensed banks and financial institutions				
- Al-Wadiah (safe keeping)	168,916	212,267	168,916	211,766
- Bai' Bithaman Ajil (sale with deferred payment)	-	-	99,998	110,000
Deposits from others				
- Al-Wadiah (safe keeping)	221,179	94,409	28,959	-
- Al-Wakalah (agency)	3,072	-	-	-
- Bai' Bithaman Ajil (sale with deferred payment)	454	3,075	119,579	103,977
<b>Sub total</b>	<b>393,621</b>	<b>309,751</b>	<b>417,452</b>	<b>425,743</b>
<b>Mudharabah (profit sharing)</b>				
Deposits from licensed banks and financial institutions	26	19	26	19
Deposits from others	2,216	-	2,216	-
<b>Sub total</b>	<b>2,242</b>	<b>19</b>	<b>2,242</b>	<b>19</b>
<b>Total</b>	<b>395,863</b>	<b>309,770</b>	<b>419,694</b>	<b>425,762</b>

## 27. FINANCING

### By product

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
Short term financing	104,401	10,000	104,401	10,000
<b>Total</b>	<b>104,401</b>	<b>10,000</b>	<b>104,401</b>	<b>10,000</b>

### By maturity

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
Due within one year	104,401	10,000	104,401	10,000
<b>Total</b>	<b>104,401</b>	<b>10,000</b>	<b>104,401</b>	<b>10,000</b>

## 28. GROUP BALANCES PAYABLE

	Bank		Group	
Name of the company	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
BIBD At-Tamwil Bhd	428	990	-	-
<b>Total</b>	<b>428</b>	<b>990</b>	<b>-</b>	<b>-</b>

## 29. OTHER LIABILITIES

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
Accrued expenditure	16,667	17,510	17,392	19,806
Cashier's order payable	6,418	7,185	6,418	7,185
Dividends on deposits	4,873	3,600	7,783	6,938
Payable to Takaful Brunei	-	14,296	-	14,296
Others	57,236	39,903	63,175	47,297
<b>Total</b>	<b>85,194</b>	<b>82,494</b>	<b>94,768</b>	<b>95,522</b>

During the financial year ended 31 December 2012, the Bank entered into a takaful contract with Takaful Brunei Keluarga to receive takaful coverage on the takaful contingency pool for financing customers at B\$14,296,084.



### 30. DEFERRED TAX (LIABILITIES) / ASSETS

#### Bank

	At 1 January 2012	Recognised in profit or loss	At 31 December 2012	Recognised in profit or loss	At 31 December 2013
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Deferred tax liabilities	-	(2,042)	(2,042)	(1,275)	(3,317)
Deferred tax assets	7,662	(5,802)	1,860	1,978	3,838
<b>Total</b>	<b>7,662</b>	<b>(7,844)</b>	<b>(182)</b>	<b>703</b>	<b>521</b>

#### Group

	At 1 January 2012	Recognised in profit or loss	At 31 December 2012	Recognised in profit or loss	At 31 December 2013
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Deferred tax liabilities	-	(4,042)	(4,042)	(1,638)	(5,680)
Deferred tax assets	7,662	(5,802)	1,860	1,978	3,838
<b>Total</b>	<b>7,662</b>	<b>(9,844)</b>	<b>(2,182)</b>	<b>340</b>	<b>(1,842)</b>

### 31. SHARE CAPITAL

	Bank		Group	
	B\$1.00 per share		B\$1.00 per share	
	2013 B\$	2012 B\$	2013 B\$	2012 B\$
<b>Authorised</b>				
Golden share	1	1	1	1
Ordinary share	999,999,999	999,999,999	999,999,999	999,999,999
	<b>1,000,000,000</b>	<b>1,000,000,000</b>	<b>1,000,000,000</b>	<b>1,000,000,000</b>
<b>Issued and fully paid</b>				
Golden share	1	1	1	1
Ordinary share	724,749,512	724,749,512	724,749,512	724,749,512
	<b>724,749,513</b>	<b>724,749,513</b>	<b>724,749,513</b>	<b>724,749,513</b>

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings of the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

The Golden share may be held only by His Majesty the Sultan and Yang Di Pertuan of Brunei Darussalam or his nominee. The Golden share member shall be entitled to receive notices of all General Meetings, reports and balance sheets, to attend all General Meetings and to speak and vote at such meetings.

The Golden share member shall carry the right to approve any resolution to be passed by the Bank relating to the following matters stated below and no resolution of any of such matter shall be passed except with prior written consent of the Golden share member.

- Any amendment or deletion of any provision of the Memorandum of Articles of Association or the substitution of another Memorandum or Articles of Association therefore;
- Any issue of any shares ranking equally with, or in priority to, the Golden Share or ranking in priority to the ordinary share;
- Any variation of the rights of any shares in the capital of the Bank which shall have the effect of transferring the controlling interest in the Bank;
- The reduction of the capital of the Bank;
- The appointment, reappointment, termination or removal of any Director of the Bank (including any alternate Director);
- Any disposal which alone or when aggregated with any other disposal or disposals forming part of, or connected with, the same or a connected transaction, constitutes a disposal of the whole or in the opinion of the Golden Member, a material part of the assets of the Bank; and
- The winding up or dissolution of the Bank.

### 31.1 TREASURY SHARES

	Bank		Group	
	2013 B\$'000	2012 B\$'000	2013 B\$'000	2012 B\$'000
Treasury shares	-	-	(2,872)	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(2,872)</b>	<b>-</b>

Treasury shares relate to shares of the Bank held by consolidated entities as at 31 December 2013.

### 32. STATUTORY RESERVES FUND

	Bank		Group	
	2013 B\$'000	2012 B\$'000	2013 B\$'000	2012 B\$'000
		(Restated) <sup>(1)</sup>		(Restated) <sup>(1)</sup>
<b>Opening balance</b>	<b>211,895</b>	138,462	<b>241,898</b>	158,467
Add : Transfers during the year	<b>50,927</b>	73,433	<b>52,249</b>	83,431
<b>Closing balance</b>	<b>262,822</b>	211,895	<b>294,147</b>	241,898

<sup>(1)</sup> Refer to Note 2.4

The statutory reserves are maintained in compliance with Section 24(1) of the Islamic Banking Order, 2008, and Section 13 of the Finance Companies Act, Chapter 89 and are not distributable as dividend.

### 33. OTHER RESERVES

		Bank		Group	
		2013 B\$'000	2012 B\$'000	2013 B\$'000	2012 B\$'000
			(Restated) <sup>(1)</sup>		(Restated) <sup>(1)</sup>
Retained profits	Note 33.1	<b>36,120</b>	26,086	<b>100,654</b>	64,289
Net unrealised losses on available-for-sale securities	Note 33.2	<b>(6,438)</b>	(1,062)	<b>(5,398)</b>	(96)
<b>Total</b>		<b>29,682</b>	25,024	<b>95,256</b>	64,193

<sup>(1)</sup> Refer to Note 2.4

### 33. OTHER RESERVES (cont'd)

#### 33.1 Retained profits

	Bank		Group	
	2013 B\$'000	2012 B\$'000	2013 B\$'000	2012 B\$'000
		(Restated) <sup>(1)</sup>		(Restated) <sup>(1)</sup>
<b>Opening balance</b>	<b>26,086</b>	35,672	<b>64,289</b>	63,900
Add: Profit for the financial year	<b>84,878</b>	97,910	<b>112,531</b>	117,883
Less: Transfer to statutory reserves	<b>(50,927)</b>	(73,433)	<b>(52,249)</b>	(83,431)
Less: Dividends paid	<b>(23,917)</b>	(34,063)	<b>(23,917)</b>	(34,063)
<b>Closing balance</b>	<b>36,120</b>	26,086	<b>100,654</b>	64,289

<sup>(1)</sup> Refer to Note 2.4

#### 33.2 Net unrealised losses on available-for-sale securities

	Bank		Group	
	2013 B\$'000	2012 B\$'000	2013 B\$'000	2012 B\$'000
<b>Opening balance</b>	<b>(1,062)</b>	(3,096)	<b>(96)</b>	(1,488)
Net change in fair value of available-for-sale investments	<b>(5,376)</b>	2,034	<b>(5,302)</b>	1,392
<b>Closing balance</b>	<b>(6,438)</b>	(1,062)	<b>(5,398)</b>	(96)

### 34. MINORITY INTERESTS

	Bank		Group	
	2013 B\$'000	2012 B\$'000	2013 B\$'000	2012 B\$'000
<b>Opening balance</b>	-	-	<b>21,752</b>	16,971
Add: Contributions from minority interest	-	-	<b>2,495</b>	3,972
Add: Profit for the financial year	-	-	<b>1,478</b>	809
Less: Dividend paid during the financial year	-	-	<b>(1,521)</b>	-
<b>Closing balance</b>	-	-	<b>24,204</b>	21,752



### 35. CONTINGENCIES AND COMMITMENTS

- i. In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

	Bank		Group	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
<b>Contingencies</b>				
Letters of credit	33,688	48,508	33,688	48,508
Guarantees, bonds	112,810	113,365	112,810	113,365
Shipping guarantees	10,358	23,750	10,358	23,750
Acceptances	4,773	4,584	4,773	4,584
Trade risk participation	97,419	-	97,419	-
Import bills	430	1,263	430	1,263
Foreign exchange contracts	3,178,459	2,965,738	3,178,459	2,965,738
<b>Sub Total</b>	<b>3,437,937</b>	<b>3,157,208</b>	<b>3,437,937</b>	<b>3,157,208</b>
<b>Commitments</b>				
Undrawn credit lines	329,588	264,316	329,588	264,316
Forward placements	268,679	-	268,679	-
Forward deposits	410,044	20,035	410,044	20,035
<b>Sub Total</b>	<b>4,446,248</b>	<b>3,441,559</b>	<b>4,446,248</b>	<b>3,441,559</b>

The foreign exchange contracts represents the notional amount of foreign currencies purchased. The notional amount of foreign currencies sold is B\$3,318,278,723 (2012: 2,974,519,049).

- ii. Capital expenditure approved by the Board of Directors, for which provision has not been made in these accounts, amounted to approximately the following:

<b>Capital expenditure</b>				
Approved but not contracted for	-	3,484	154	6,812
Approved and contracted for	698	406	1,572	1,158
<b>Sub Total</b>	<b>698</b>	<b>3,890</b>	<b>1,726</b>	<b>7,970</b>
<b>Total contingencies and commitments</b>	<b>4,446,946</b>	<b>3,445,449</b>	<b>4,447,974</b>	<b>3,449,529</b>

### 36. RELATED PARTY TRANSACTIONS

#### 36.1 Related party includes;

- Director, close relatives of a director and other related entities
  - Close relative of a director shall include wife, husband, father, mother, son and daughter of a director
  - Other related entities shall includes that entities which are controlled and/or significantly influenced by the directors or their close relatives
- The key management personnel and other individuals and entities (Other individuals and entities shall include individuals and entities referred in sections (b) to (f) section 29 (1) of the Islamic Banking Order, 2008).
- The group related party, shall include subsidiaries, associates and other related companies.
- Significant investors either entities or individual that have control or significant influence over the affairs of the bank.

#### 36.2 Transactions with directors, close relatives of directors and other related entities

##### Balance Sheet

	Directors		Close relatives		Other related entities	
	2013	2012	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
<b>Assets</b>						
Financing (exc. credit cards)	80	495	-	-	759	219
Credit cards	38	18	-	-	-	-
<b>Total</b>	<b>118</b>	<b>513</b>	<b>-</b>	<b>-</b>	<b>759</b>	<b>219</b>
<b>Liabilities</b>						
Deposits	826	910	194	147	579,333	283,179
<b>Total</b>	<b>826</b>	<b>910</b>	<b>194</b>	<b>147</b>	<b>579,333</b>	<b>283,179</b>

No of shares held	9	9	-	-	-	-
Dividends paid	- *	- *	-	-	-	-

\* Less than B\$1,000

At reporting date, the financing facilities extended to directors do not contravene Section 35(3)(b)(i) of the Islamic Banking Order, 2008.

As at 31 December 2013, all outstanding financings and deposits to / from the directors of the Bank are based on market rates available to the general public.

### 36. RELATED PARTY TRANSACTIONS (cont'd)

#### 36.2 Transactions with directors, close relatives of directors and other related entities (cont'd)

##### Income Statement

	Directors		Close relatives		Other related entities	
	2013	2012	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
<b>Income</b>						
Income on financing	22	34	-	-	1	-
<b>Total</b>	22	34	-	-	1	-
<b>Expenses</b>						
Income attributable to depositors	1	1	-	1	609	896
Fees	225	258	-	-	-	-
Other expenses	628	373	-	-	-	-
<b>Total</b>	854	632	-	1	609	896
<b>Off-Balance Sheet items</b>						
Guarantees	-	-	-	-	2,429	1,901
Undrawn facilities	63	107	-	50	-	-
<b>Total</b>	63	107	-	50	2,429	1,901

#### 36.3 The key management personnel (KMP) and other individuals and entities (Other individuals and entities referred in sections (b) to (f) of section 29 (1) of the Islamic Banking Order, 2008)

##### Balance Sheet

	KMP Bank		KMP Group		Other Individuals and Entities Bank		Other Individuals and Entities Group	
	2013	2012	2013	2012	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
<b>Assets</b>								
Financing	700	1,129	796	1,164	46,441	46,958	56,296	55,072
Credit card (secured)	20	18	-	-	1,172	1,225	1,232	58
<b>Total</b>	720	1,147	796	1,164	47,613	48,183	57,528	55,130
<b>Liabilities</b>								
Deposits	1,260	784	1,673	1,020	7,288	5,023	10,757	8,222
<b>Total</b>	1,260	784	1,673	1,020	7,288	5,023	10,757	8,222
<b>No of shares held</b>	43	43	43	43	405	405	405	405
<b>Dividends paid</b>	1	2	1	2	13	19	13	19

### 36. RELATED PARTY TRANSACTIONS (cont'd)

#### 36.3 The key management personnel (KMP) and other individuals and entities (Other individuals and entities referred in sections (b) to (f) of section 29 (1) of the Islamic Banking Order 2008) (cont'd)

##### Income Statement

	KMP Bank		KMP Group		Other Individuals and Entities Bank		Other Individuals and Entities Group	
	2013	2012	2013	2012	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
<b>Income</b>								
Income on financing	27	32	30	38	1,557	1,751	2,138	2,694
Income on credit card	-	-	-	-	13	15	14	15
<b>Total</b>	27	32	30	38	1,570	1,766	2,152	2,709
<b>Expenses</b>								
Income attributable to depositors	5	4	32	15	23	19	154	92
<b>Total</b>	5	4	32	15	23	19	154	92
<b>Off-balance sheet items</b>								
Undrawn facilities	123	153	-	-	1,334	2,139	1,369	2,199
<b>Total</b>	123	153	-	-	1,334	2,139	1,369	2,199

#### 36.4 The group related party includes subsidiaries and other related companies

##### Balance Sheet Bank

	Subsidiaries		Other related Companies	
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
<b>Assets</b>				
Financing	2,321	7,572	-	-
Investments	25,014	8,334	-	-
Placements	171,000	50,960	-	-
Others	24	21	-	-
<b>Total</b>	198,359	66,887	-	-
<b>Liabilities</b>				
Deposits	210,127	98,782	22,322	6,924
Others	758	1,293	30	2
<b>Total</b>	210,885	100,075	22,352	6,926
<b>No. of shares held</b>	-	-	8,837	8,837
<b>Dividend paid</b>	-	-	292	415



### 36. RELATED PARTY TRANSACTIONS (cont'd)

#### 36.4 The group related party includes subsidiaries and other related companies (cont'd)

##### Income Statement

	Subsidiaries		Other related Companies	
	2013 B\$'000	2012 B\$'000	2013 B\$'000	2012 B\$'000
<b>Income</b>				
Income on financing	529	907	-	-
Other income	1,009	1,438	-	-
<b>Total</b>	<b>1,538</b>	<b>2,345</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>				
Income attributable to :				
Depositors	445	484	30	1
<b>Total</b>	<b>445</b>	<b>484</b>	<b>30</b>	<b>1</b>

#### 36.5 Significant investors, either entities or individuals, that have control or significant influence over the affairs of the Bank

##### Balance Sheet

	Entities	
	2013 B\$'000	2012 B\$'000
<b>Assets</b>		
Other assets	21	389
<b>Total</b>	<b>21</b>	<b>389</b>
<b>Liabilities</b>		
Deposits	557,955	1,264,839
Other liabilities	2,804	-
<b>Total</b>	<b>560,759</b>	<b>1,264,839</b>
No of shares held	643,862	643,862
Dividends paid	21,247	30,262
<b>Income Statement</b>		
Income attributable to depositors	3,590	3,495
Other expenses	26,061	23,008
<b>Total</b>	<b>29,651</b>	<b>26,503</b>
<b>Off-balance sheet items</b>		
Guarantees	1,229	1,269
<b>Total</b>	<b>1,229</b>	<b>1,269</b>

### 37. MATURITY ANALYSIS

Maturity analysis of the assets and liabilities based on the residual maturity at the balance sheet date to the respective contractual maturity dates is as follows:

#### a. Bank

	Current B\$'000	Non-current B\$'000	2013 B\$'000	2012 B\$'000
<b>Total assets</b>				
Cash and short term funds	2,627,514	162	2,627,676	2,788,078
Balances with Autoriti Monetari Brunei Darussalam	216,837	66,338	283,175	250,374
Government Sukuk	27,986	-	27,986	22,995
Investments	164,969	531,284	696,253	545,591
Financing and advances	482,876	1,779,275	2,262,151	1,903,641
Investments in subsidiaries	-	26,483	26,483	26,483
Investments in associate	-	7,080	7,080	7,080
Group balances receivable	152	-	152	190
Fixed assets	-	32,097	32,097	30,832
Other assets	15,818	24,507	40,325	41,540
Deferred tax assets	-	521	521	-
<b>Total as at 31 December 2013</b>	<b>3,536,152</b>	<b>2,467,747</b>	<b>6,003,899</b>	<b>-</b>
Total as at 31 December 2012	3,523,318	2,093,486	-	5,616,804
	Current B\$'000	Non-current B\$'000	2013 B\$'000	2012 B\$'000
<b>Liabilities and equity</b>				
Total shareholders' funds	-	1,017,254	1,017,254	961,669
Deposits from customers	3,452,531	916,632	4,369,163	4,217,335
Deposits from banks and other financial institutions	196,220	199,643	395,863	309,770
Financing	104,401	-	104,401	10,000
Group balances payable	428	-	428	990
Other liabilities	80,777	4,417	85,194	82,494
Deferred tax liabilities	-	-	-	182
Zakat	2,859	-	2,859	2,657
Provision for taxation	28,737	-	28,737	31,707
<b>Total as at 31 December 2013</b>	<b>3,865,953</b>	<b>2,137,946</b>	<b>6,003,899</b>	<b>-</b>
Total as at 31 December 2012	3,790,789	1,826,015	-	5,616,804
<b>Maturity Gap (Assets less Liabilities):</b>				
<b>Total as at 31 December 2013</b>	<b>(329,801)</b>	<b>1,347,055</b>	<b>1,017,254</b>	<b>-</b>
Total as at 31 December 2012	(267,471)	1,229,140	-	961,669
<b>Cumulative Gap:</b>				
<b>Total as at 31 December 2013</b>	<b>(329,801)</b>	<b>1,017,254</b>	<b>1,017,254</b>	<b>-</b>
Total as at 31 December 2012	(267,471)	961,669	-	961,669
<b>Cumulative Gap % of total liabilities:</b>				
<b>% as at 31 December 2013</b>	<b>(7)</b>	<b>20</b>	<b>20</b>	<b>-</b>
% as at 31 December 2012	(6)	21	-	21

### 37. MATURITY ANALYSIS (cont'd)

#### b. Group

	Current B\$'000	Non-current B\$'000	2013 B\$'000	2012 B\$'000
<b>Total Assets</b>				
Cash and short term funds	2,454,996	161	2,455,157	2,773,564
Balances with Autoriti Monetari Brunei Darussalam	237,789	69,500	307,289	273,536
Government Sukuk	27,986	-	27,986	22,995
Investments	169,081	522,095	691,176	556,458
Financing and advances	485,673	2,278,015	2,763,688	2,338,611
Investments in associate	-	7,903	7,903	7,903
Fixed assets	-	66,061	66,061	66,157
Other assets	20,359	37,651	58,010	61,133
<b>Total as at 31 December 2013</b>	<b>3,395,884</b>	<b>2,981,386</b>	<b>6,377,270</b>	-
Total as at 31 December 2012	3,529,913	2,570,444	-	6,100,357
	<b>Current B\$'000</b>	<b>Non-current B\$'000</b>	<b>2013 B\$'000</b>	<b>2012 B\$'000</b>
<b>Liabilities and equity</b>				
Total shareholders' funds	-	1,111,281	1,111,281	1,030,841
Minority interests	-	24,204	24,204	21,752
Deposits from customers	3,636,197	946,825	4,583,022	4,469,766
Deposits from banks and other financial institutions	224,409	195,285	419,694	425,762
Financing	104,401	-	104,401	10,000
Other liabilities	88,921	5,847	94,768	95,522
Deferred tax liabilities	-	1,842	1,842	2,182
Zakat	2,859	-	2,859	5,081
Provision for taxation	35,199	-	35,199	39,451
<b>Total as at 31 December 2013</b>	<b>4,091,986</b>	<b>2,285,284</b>	<b>6,377,270</b>	-
Total as at 31 December 2012	4,114,166	1,986,191	-	6,100,357
<b>Maturity Gap (Assets less Liabilities):</b>				
<b>Total as at 31 December 2013</b>	<b>(696,102)</b>	<b>1,807,383</b>	<b>1,111,281</b>	-
Total as at 31 December 2012	(584,253)	1,615,094	-	1,030,841
<b>Cumulative Gap:</b>				
<b>Total as at 31 December 2013</b>	<b>(696,102)</b>	<b>1,111,281</b>	<b>1,111,281</b>	-
Total as at 31 December 2012	(584,253)	1,030,842	-	1,030,841
<b>Cumulative Gap % of total liabilities:</b>				
<b>% as at 31 December 2013</b>	<b>(13)</b>	<b>21</b>	<b>21</b>	-
% as at 31 December 2012	(12)	20	-	20

### 38. CAPITAL ADEQUACY

The capital adequacy ratios are as follows:

	Bank		Group	
	2013 B\$'000	2012 B\$'000 (Restated) <sup>(1)</sup>	2013 B\$'000	2012 B\$'000 (Restated) <sup>(1)</sup>
<b>Regulatory capital</b>				
Core capital (Tier 1 capital) before dividend	<b>1,017,254</b>	961,669	<b>1,111,281</b>	<b>1,030,841</b>
Less: Dividends to be proposed for the financial year	<b>(28,990)</b>	(23,917)	<b>(28,990)</b>	<b>(23,917)</b>
Core capital (Tier 1 capital) after dividend	<b>988,264</b>	937,752	<b>1,082,291</b>	1,006,924
Supplementary capital (Tier II capital)	<b>35,809</b>	30,137	<b>40,865</b>	34,529
Less: Investment in Associates and Subsidiaries	<b>(33,563)</b>	(33,563)	<b>(7,903)</b>	(7,903)
Total capital base	<b>990,510</b>	934,326	<b>1,115,253</b>	1,033,550
<b>Total risk-weighted amount</b>				
Risk-weighted amount for credit risk	<b>3,771,158</b>	3,186,865	<b>4,282,069</b>	3,715,774
Risk-weighted amount for operational risk	<b>254,345</b>	232,049	<b>314,719</b>	276,098
<b>Total risk-weighted amount</b>	<b>4,025,503</b>	3,418,914	<b>4,596,788</b>	3,991,872
<b>Capital ratios</b>				
Core capital (Tier 1) ratio %	<b>24.6%</b>	27.4%	<b>23.5%</b>	25.2%
<b>Total capital ratio %</b>	<b>24.6%</b>	27.3%	<b>24.3%</b>	25.9%

<sup>(1)</sup> Refer to Note 2.4

The core capital is derived after deducting the dividends to be proposed for the financial year ended 31 December 2013 subsequent to the year end amounting to B\$28,990,000 (2012: B\$23,917,000).

In accordance to Section 11(2) of the Islamic Banking Order, 2008, the Bank shall not, at any time, has a capital adequacy ratio of less than 10 per cent or such percentage as may be determined by the Authority.



### 39. SIGNIFICANT RISKS ASSOCIATED WITH THE GROUP'S OPERATIONS

#### Risks to which the Group is exposed:–

##### Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from the Group's financing activities which represents the Group's major risk type.

To manage this risk, the Group has set up a credit committee to assess the amount of risk accepted in relation to one or groups of customers, industry segments, level of non-performing financing and adequacy of impairment loss.

Credit risk is also managed based on the risk profile of the customer, repayment source and the nature of underlying collateral such as property.

##### Foreign Exchange Risk

Foreign exchange risk is defined as the risk of loss arising from movements in the exchange rates applicable to foreign currency assets and liabilities.

The Group is exposed to foreign currency risk on placements, financing and advances, investments and deposits from customers that are denominated in a currency other than the functional currency of its Group entities (primarily Brunei Dollar or Singapore Dollar). The currency in which these transactions are denominated are primarily United States Dollar, Euro, British Pound and Saudi Riyal.

The Group's policy in managing foreign currency risk is to manage the foreign currency exposures within prescribed limits. The Group enters into hedging instruments such as cross currency swaps and foreign exchange forwards to manage its foreign currency exposures. The derivatives held for risk management purposes are designated as accounting hedges. The Group makes an assessment, both at inception of the hedge and on an ongoing basis, whether the hedging instruments are expected to be effective.

##### Profit Rate Risk

Profit rate or financing and deposit rates risk is the risk that the value of the Group's financial assets and/or financial liabilities change because of changes in financing rate and deposit rates. Financing and deposit rates risk arise primarily from the fact that financial assets and financial liabilities are regularly re-priced at different points in time.

The Group's exposure to financing and deposit rates risk is represented by financing to customers, customers' deposits, cash and cash equivalents and amount due to bank.

Differences between financing and deposit rates are monitored and managed in a variety of ways that seek to mitigate risks by reducing the effect of movements in the level and volatility of financing and deposit rates. Hedging instruments used to mitigate these risks include forwards and swaps.

### 39. SIGNIFICANT RISKS ASSOCIATED WITH THE GROUP'S OPERATIONS (cont'd)

#### Liquidity Risk

The Group's exposure to liquidity risk arises when the Group is faced with a loss arising from the possibility of the Group not having sufficient funds to meet its obligations from its financial liabilities.

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

In addition, the Bank and one of its subsidiaries have to comply with Section 45(1) of the Islamic Banking Order, 2008 and section 13A of the Finance Companies Act, Cap 89 respectively to maintain minimum cash balances with the AMBD.

The Bank manages its liquidity through its Asset Liability Management Committee which is responsible for establishing the liquidity policy as well as monitoring liquidity on an ongoing basis. A Minimum Liquid Asset requirement has been established to ensure that the ratio of liquid assets to qualifying liabilities is subject to a minimum threshold at all times.

#### Market Risk

The Group's exposure to market risk arises when the Group faces losses arising from movements in market prices of investments.

The Group's exposure to market risk is restricted to quoted and unquoted investment, equity shares and unit trust. There is a review committee set up to monitor and assess the portfolio of investments in order to optimize income and balance sheet management through the deployment of funds in Sukuk, equities and funds or in the interbank market.

#### Counterparty Risk

Exposure to counterparties potentially arising from treasury-related activities is actively managed and monitored through a well-defined process which includes the assessment of financial strength and the establishment of appropriate counterparty limits. External ratings are also used to control the level of credit risk accepted by the Group.

Counterparty exposure is viewed similarly to financing exposure and approved at the appropriate committees depending on the size and nature of the proposed transaction.

#### Operational Risk

Operational risk is the potential for loss resulting from events involving people, internal processes, systems or external events. A set of minimum control standards for operational risk management has been developed with the objective of ensuring that operational risks within the Group are identified and managed in a structured and consistent manner.

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**39. SIGNIFICANT RISKS ASSOCIATED WITH THE GROUP'S OPERATIONS (cont'd)**

**Capital Adequacy**

The Bank is well capitalised based on the domestic and international capital adequacy requirements. In 2009, goodwill of B\$129.6 million was written off against general and statutory reserves, achieving the prudence required by Autoriti Monetari Brunei Darussalam. The Bank continues to be well capitalised, and as at 31st December 2013 the core capital adequacy ratio was 24.6% (31st December 2012: 27.4%) compared to the regulatory minimum of 10% as required under Islamic Banking Order, 2008.





## Bruneian at Heart